

IMPLEMENTING DIGITAL TRANSFORMATION OF PROCUREMENT PROCESS



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Executive Summary

This report is the final result of the consultancy project of Vlerick Business School to Vandemoortele NV. The report focuses on the digital transformation at Vandemoortele, including analysis of the reasons of this initiative, how did the project team convince the top management, their strategy to convince people for new way of working and so on. To arrive at the solutions for the above-mentioned questions a lot of literature research, desktop research, qualitative survey, and interviews with internal stakeholders were conducted by us.

Vandemoortele (VDM) is a Belgian family owned business and has been in operations since 1899. The company is located in 12 different European countries and specializes in two main segments: Bakery products and Margarines, Culinary Oils, and Fats. In 2018, the company achieved revenue of €1.41 billion, of which more than 12% was expense for indirect goods. Ms. Karolien, our company supervisor, is the Purchasing Manager Indirect Spend initiated the digitalization of VDM's procurement process in order to improve the company's overall procurement practice, especially for indirect goods. This digital transformation at Vandemoortele is named Mercurius, the god of trade and commerce. Indeed, the project is in line with VDM's overall strategy of applying more technology into its operation to become more competitive, especially in this always-changing world, following the 4.0 revolution. Other trends that are moving the procurement practice are global rebalancing between developed and developing economies, outsourcing non-core activities to functional experts, the need for agile change management, and new economic drivers (e.g. ESG factors).

Mercurius is a project that aims to install, launch, and roll-out a user-friendly and efficient Source-to-Pay cloud-based system, which provides lean process flows, full integration, and maximum adoption by all end-users (both external and internal). The ultimate goal of this project is to maximize value creation for the whole Vandemoortele Group, and eventually its shareholders, through savings and procedures improvement. To make it successful, VDM partnered with SAP Ariba, which is one of the leading spend management service providers. Ariba was founded in 1996 and was acquired by SAP SE in 2012. Currently, the Ariba Network has more than 3.6 million users located in nearly 200 countries worldwide. Although there are different providers of an e-procurement platform in the market, VDM decided to go with SAP Ariba because of its ease of integration with VDM's ERP system and full coverage of the whole process from sourcing to payment with focusing on both direct and indirect goods. Moreover, VDM also partners with Accenture to support the company in integration process.

Recognizing important organizational change is necessary for VDM to become more competitive, but, at the same time, it is a challenging task to convince people to adapt the new system, especially for some project that has such big impact as Mercurius. VDM decided to use ADKAR model, a reputable and widely used change management model. ADKAR represents the five elements: Awareness, Desire, Knowledge, Ability and Reinforcement. It is believed that every organization should follow these elements in order to achieve a sustainable change. ADKAR is one of the most

efficient models as it provides guidelines that focuses first on individual change and eventually achieves the organizational success.

It is important to note the two key drives for the success of a new project is timely and informative communication of the change and provide effective training to employees to adopt the change. Therefore, VDM should focus on preparing a robust communication and training plan to reduce employee resistance. While preparing the communication and training plan for this project, a special focus was given to business requestors, central procurement, finance department and suppliers as these are the groups of people who are most affected by this change.

Based on the results of the suppliers' survey and our interviews with internal employees, we believe that there are a few challenges which are faced by Vandemoortele: the instability of Ariba's upstream modules, three-party partnership (VDM, SAP Ariba, Accenture), personnel turnover, and suppliers' resistance. In order to handle these challenges, Mercurius team should communicate effectively with both top-management and internal employees to deliver clear messages about SAP Ariba and the project and provide useful training sessions and continuous support to end-users.

Glossary

Abbreviation	Description
AP	Account payables
BSM	Business spend management
EBIT	Earnings before interest and taxes
ERP	Enterprise resource planning
ExCo	Executive committee of Vandemoortele, in charge of Group-level's decision making
F&A	Finance and accounting department
FMCG	Fast-moving consumer goods
HR	Human resources department
KPI	Key performance indicator
M&A	Mergers and acquisitions
MCOF	Margarines, culinary oils, and fats
NPAT	Net profit after taxes
PO	Purchase order
R&D	Research and development
RFI	Request for information
RFP	Request for proposal
SRM	Supplier relationship management
SteerCo	Steering committee of Mercurius project, in charge of advising and guiding Mercurius project team
TTT	Train-the-trainer session organized by Accenture
UAT	User acceptance testing
Vandemoortele Group, the Group	Vandemoortele NV and its 38 subsidiaries
Vandemoortele, VDM, the Company	Vandemoortele NV

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1. Introduction

This chapter provides general information about Vandemoortele and its digital transformation project named Mercurius. The third subchapter includes introduction of SAP Ariba, the provider of cloud-based platform on which Vandemoortele will leverage its e-procurement practice. The last subchapter proposes the main subject of this report, the problem statement.

1.1. Vandemoortele NV

Vandemoortele NV and its 38 subsidiaries ("Vandemoortele Group", "the Group") are a Belgian family business which has been operating since 1899. The Group has its root in Belgium and has expanded to reach European scale with factories locating in 12 different European countries, serving customers in nearly 20 markets. Starting as a company which produced and supplied oils to soap and cattle feed industries in the 1900s, VDM has grown through strategic divestment and acquisitions to become a B2B food manufacturer that specializes in two main segments: Bakery Products and Margarines, Culinary Oils, and Fats ("MCOF"). Overview of the Company's development milestones and products portfolio can be found in Appendix 1. Although the Company is mainly a supplier of artisan food products for other businesses in catering or HORECA industry, Vandemoortele also has a number of private labels, including RISSO®, ST-ALLERY®, and GOLD CUP®.

In 2018, the Group recognized total revenues of €1.41 billion (slight decrease from €1.42 billion in 2017), of which €0.89 billion came from Bakery Products segment and €0.52 billion came from MCOF.

(Vandemoortele NV, 2019)

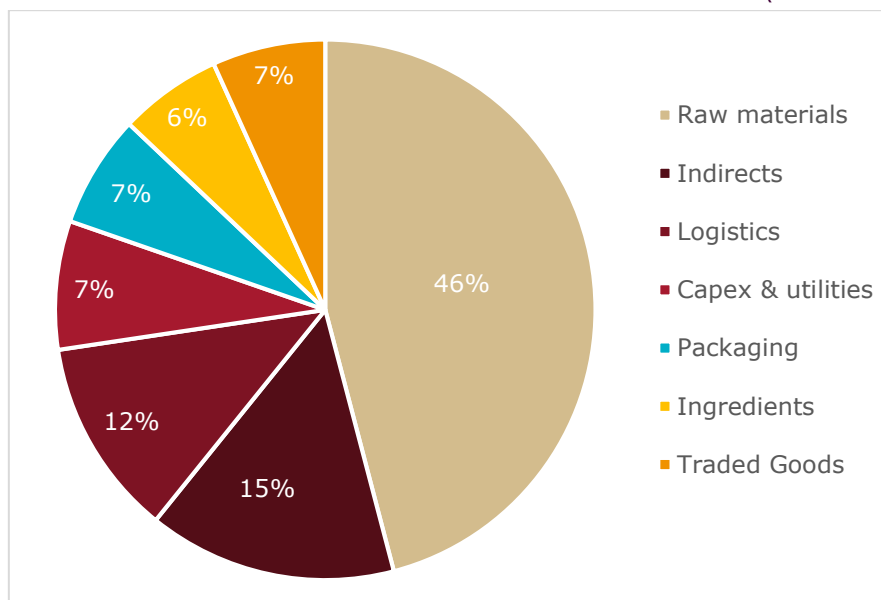


Figure 1. Breakdown of total spend incurred by Vandemoortele in 2018.

According to Figure 1, annual spending of VDM includes different categories. Expenses for raw materials, indirect goods, and logistics services accounted for 73% of total spending. In 2018, annual

spending was approximately €1.15 billion. Apparently, total spending for indirect goods was about €173.25 million, accounting for more than 12% of revenues during the year. Vandemoortele believes that the company can significantly decrease this expense via digitalizing its procurement practice, centralizing documents and data, increasing the efficiency of employees, and eliminating administrative errors. As a result, Ms. Karolien, the Purchasing Manager Indirect Spend, initiated Mercurius project, which aims to initiate a digital transformation at Vandemoortele.

1.2. Mercurius Project

Mercurius is name of the god of commerce, according to Roman mythology. Vandemoortele named the company's procurement digitalization project after this god in order to demonstrate its objectives to strengthen their procurement process as well as their competitive advantages since digitalization is an inevitable development of the world and not many companies are fully implementing it into their operation. Specifically, Mercurius project aims to install, launch, and roll-out a user-friendly and efficient Source-to-Pay cloud system which provides lean process flows, full integration, and maximum adoption by all end-users (both external and internal). The ultimate goal of this project is definitely to maximize value creation for the Group, and eventually its shareholders, through savings and procedures improvement.

Budget for Mercurius project was approved in Q4/2017 and the decision on platform provider was made in January 2018 with SAP Ariba being the chosen one. In March 2018, the SteerCo and Mercurius project team decided to have Accenture as the integration advisory partner. Accenture would be in charge of providing insights and guidance on how VDM can integrate SAP Ariba into its current ERP system thoroughly. The first kick-off meeting with all three parties: Vandemoortele, SAP Ariba, and Accenture took place in April 2018. Since then, the three organizations have been working together to develop blueprints and prototypes as well as come up with roll-out plan for different departments, modules, and sites which belong to the Group. Overall, the Source-to-Pay process includes two main segments:

- upstream: all practices which relate to manage the Group's supplier network, covering category management, sourcing, contract management, and catalogue creation; and
- downstream: all practices from the point of creating purchase order to issuing invoice and making payment.

Moreover, the application approach towards direct goods and indirect goods is not one and the same. Ms. Karolien stated that for indirect procurement, upstream practices are not as standardized as those for direct procurement. For example, negotiation with suppliers for indirect goods or services has been conducted without following a common organizational practice but rather manually. One of the reasons for this imbalance between direct and indirect goods/services is that the demand for direct goods is directly link to production and is easier to forecast than that for indirect ones. Some indirect goods/services are only ordered a few times per year so that it may not worth the effort to look for the most suitable supplier. Taking these two main factors into consideration, Mercurius

project team decided to first implement SAP Ariba for upstream practices and then for downstream practices; direct procurement will also utilize the e-procurement platform prior to indirect procurement. Furthermore, upstream rollouts will be conducted in waves of suppliers: the biggest and most important ones will be the first to be invited to use the platform. Downstream rollouts will be conducted in countries. Figure 2 below presents the expected timeline for Mercurius project at the time we started working at Vandemoortele (which was May 2019).

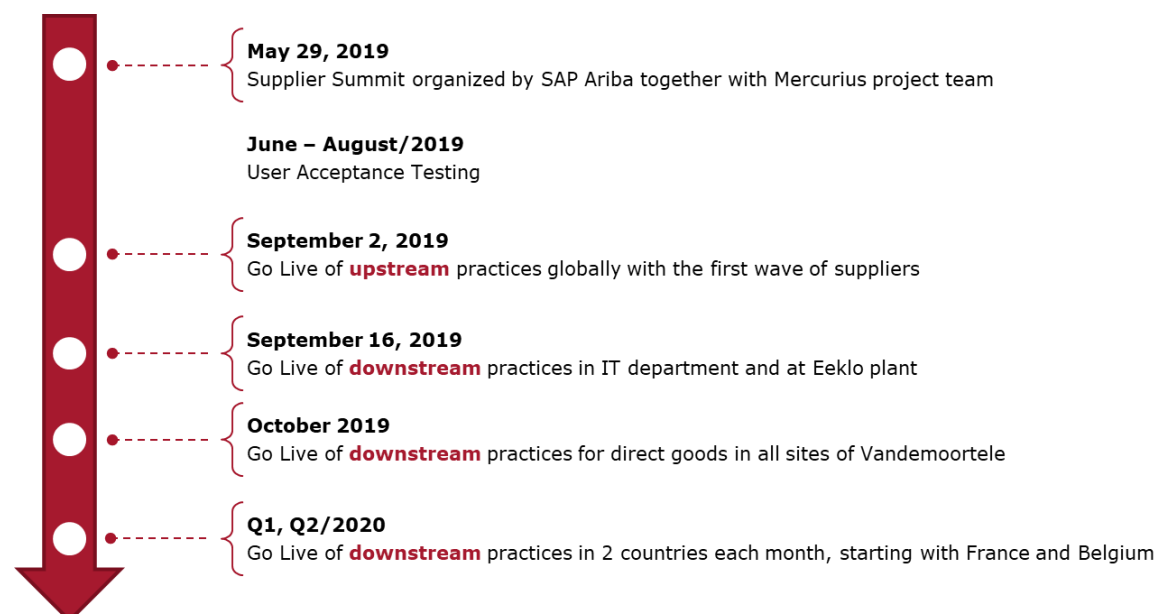


Figure 2. Previous timeline for Mercurius project.

The Supplier Summit was organized by SAP Ariba to provide necessary information about the platform, its benefits, and other useful resources to the first wave of suppliers. Details about this communication channel will be elaborated more throughout the report. Moreover, because of some obstacles, delay happened throughout the course of implementing SAP Ariba, there is small shift in the timeline: the two Go Live dates in September will be combined into one that will take place at the end of September.

Suppliers are just one of the four main end-users which will be affected by Mercurius project. The three other end-users are internal employees at Vandemoortele. The impact of this digital transformation will significantly change the way of working of the following persons:

Table 1. Different users and their benefits, according to Mercurius project.

Users	Benefits
Business requesters/ approvers (the one who create purchase orders)	<ul style="list-style-type: none"> - A user-friendly platform and standardized process for purchase different types of products and services needed for production and daily operation - Online collaboration with more transparency
Central and local buyers (including legal department)	<ul style="list-style-type: none"> - Application of e-sourcing standardize sourcing and contracting processes - Overview of spend data analysis, more control of budget

Users	Benefits
	- Standard supplier registration and qualification process
Finance department (account payable)	- The application of "No PO, No Pay" policy will standardize the order and payment process, avoiding errors and corrections - Improvement in reporting
Suppliers	- The cloud-based platform will help suppliers in centralizing all their business relationships with buyers in one single portal - They can change their information, qualification, catalogues, etc. and that information will be automatically updated for buyers, decreasing time spent on double-checking

(Vandemoortele NV, 2019)

Another dimension which Mercurius took into account when planning for a successful implementation of SAP Ariba is the number of sites in which the platform will be gradually implemented. With nearly 40 different operational sites with total number of end-users of more than 1,000 persons, there are many challenges for Mercurius to effectively communicate as well as provide proper training for those groups of end-users in a timely manner.

(Vandemoortele NV, 2019)



Figure 3. Organizational structure at Vandemoortele and number of sites per country.

1.3. SAP Ariba

Vandemoortele decided to partner with SAP Ariba in this transformation project. SAP Ariba is one of the leading spend management service providers. The company, previously known as Ariba, was founded in 1996 with visions of enabling companies to improve their procurement process via the application of Internet. Ariba went public in 1999 as one of the first B2B Internet companies to do an IPO. In 2012, Ariba was acquired by SAP SE, the leader in ERP and other business-related services. SAP Ariba allows companies to communicate and collaborate on their transactions and business via Ariba Network, which currently has more than 3.6 million users which locate in nearly 200 countries worldwide (SAP Ariba). Generally, SAP Ariba provides a variety of solutions such as: Supplier Management, Strategic Sourcing, Financial Supply Chain, and Integration Solutions. According to reviews on Gartner, the majority of companies who used and reviewed SAP Ariba Sourcing Suite had annual turnover of approximately between US\$0.5 – US\$30.0 billion. In addition, most of those companies were from manufacturing, finance, services, and energy and utilities industry. The Purchasing Manager for Indirect Goods at Vandemoortele, Ms. Karolien, mentioned

one of the reasons that the company chose SAP Ariba was that SAP Ariba provided services for the whole procurement process, from sourcing to payment.

(SAP Ariba, 2016)

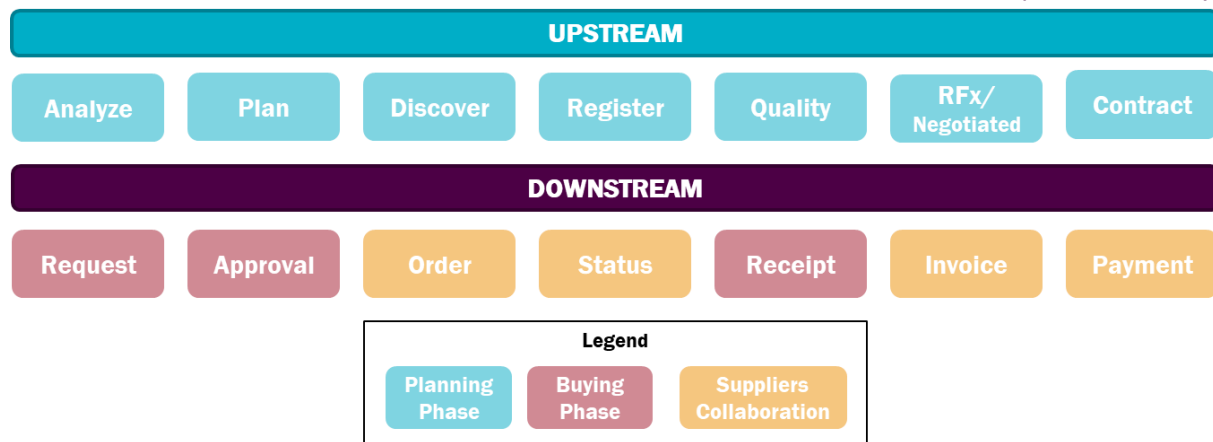


Figure 4. Overview of upstream and downstream application of SAP Ariba.

The two main users of e-procurement platform like Ariba, are buyers and sellers (i.e. supplier). Buyers can purchase different solutions provided by SAP Ariba according to their requirements. On the other hand, sellers can join Ariba Network by registering either as Standard Account or Enterprise Account.

Table 2. Comparison of Standard Account and Enterprise Account.

	Standard Account	Enterprise Account
Fee	Free of charge	Subscription levels and fees are based on documents and transactions run through Ariba Network
Features	<ul style="list-style-type: none"> - Communicate digitally with buyer via email - Utilize the centralized portal for all accounts that register with SAP Ariba - Collaborate on contracts - Receive orders and send invoices - Track invoice and payment status 	<ul style="list-style-type: none"> - All features available to Standard Account - Possibility to implement full ERP integration and automated workflows - Supply chain collaboration - Priority customer support

(SAP Ariba, 2019)

It depends on the nature of the supplier as well as on its business relationship with VDM that the supplier will decide to use either the Standard Account or the Enterprise Account. Category Managers at Vandemoortele should identify suppliers to which Enterprise Accounts are preferred. Other suppliers will be asked to register at least as Standard Account users. Vandemoortele also emphasizes that it is required to have all documents and communications going through the Ariba Network and that no exception is accepted.

1.4. Problem Statement

One important part of the Mercurius project is to communicate and provide training for both internal and external stakeholders so that they can be well aware of the effect of the project as well as how

to use Ariba Network as smoothly as possible. This project represents an extensive change management within the company, affecting the purchase of not only the raw materials for production process but also other indirect purchases which take place regularly throughout the organizational operations. However, as we already discussed in Chapter 1.2, the first Go Live of Mercurius would take place in September, and by then the department which needs to change and adapt most to the new platform would be Procurement. For that reason, our research mainly focuses on two most relevant stakeholders: Procurement employees and suppliers. Throughout the report, we aim to come up with an answer for this research problem: **How Vandemoortele can prepare good communication and training plan for the upcoming implementation of SAP Ariba to a large and differential base of audience (both internal and external)?** In order to have answer for this problem, we believe we need to answer the following questions:

Research Question (RQ)

- | | |
|---|---|
| 1 | Why does Vandemoortele want to digitalize their supply chain process? What was the process in the past and how is it being changed? |
| 2 | How other companies in the market implement the SAP Ariba in their supply chain? |
| 3 | How do the targeted suppliers react to the change management? |
| 4 | How do the internal employees react to the change management? |
| 5 | What are the limitations of this project and what can be improved in the future? |

2. Research Methodology

This chapter focuses on describing our methodologies which were used to answer the research questions mentioned previously. Main methodologies include literature research, desktop research, qualitative survey, and interviews with internal stakeholders. The table below summarizes methodologies to be applied for each research question:

Table 3. Sources and methodologies used for each research question

Research Question	Sources
1	Literature research, desktop research, interviews with internal employees
2	Desktop research, interviews with internal employees
3	Survey
4	Interviews with internal employees
5	Literature research, desktop research, interviews with internal employees

Literature research and desktop research mainly consist of books and articles founded on Vlerick library and databases which are accessible to Vlerick students like EBSCO and Emerald. In addition, since we need to look for different information about different companies and their implementation of e-procurement platform into daily operation, another important source is each company's website. Other useful websites include Gartner website, which is the leading research and advisory firms, Cisco website, which provides information about global mobile data, and other websites.

Interviews with internal employees were conducted during June 2019 with following persons:

Table 4. Interviews conducted

Date of interview	Interviewee
June 3, 2019	Purchasing Manager Indirect Spend (Purchasing Management) – Ms. Karolien De Maen
June 7, 2019	Business Process Owner (F&A – Accounting and Controlling) – Mr. Gleen De Groote
June 17, 2019	Business Process Consultant (IT Technical Development) – Ms. Wendy De Vleeschouwer
June 17, 2019	Chief Information Officer – Mr. Benoit Dewaele
June 18, 2019	Group Procurement Director – Ms. Nina Guezennec
June 19, 2019	Chief Financial Officer – Mr. Herman Van Steenstraeten

The interviews were conducted to know more about Mercurius project, its core team, and the reactions from top management personnel about the digitalization idea and reasons for their approval. Ms. Karolien is the project owner who came up and developed the idea for digitalization of procurement procedure. She is also in charge of supervising the whole implementation of SAP Ariba. As a result, we think it is necessary for us to interview her and have the overview towards Mercurius project as well as her experience with SAP Ariba. Secondly, we interviewed Mr. Gleen, who is one of the Subject Matter Experts, persons who are specialized in one specific area. He has

been working for Mercurius project for more than 1 year and has been developing the platform together with SAP Ariba and Accenture, testing the applicability of SAP Ariba in the integration with VDM's ERP. It is important to have an interview with him because he is one of the most familiar persons with SAP Ariba and he is also in charge of preparing the training plan for end-users within Vandemoortele. The third person to be interviewed was Ms. Wendy, the change management leader at VDM. This interview was useful for this research as it enlightens us why VDM is using ADKAR change management model. Last but not least, we interviewed with three "sponsors" for Mercurius project, whose approval and support are essential for the successful implementation of SAP Ariba.

Finally, the qualitative survey was sent to suppliers who were invited to join the first roll-out of SAP Ariba at Vandemoortele in September. There are 9 suppliers (for Direct Goods) chosen by Category Managers at VDM to join the first roll-out. VDM asked these suppliers to register for the Enterprise Account on SAP Ariba, which requires annual subscription fee. As a result, the probability that these suppliers would not accept the request is higher for them than for other waves, in which suppliers can also register for a Standard Account. The survey was approved by Ms. Karolien and sent to suppliers after the Supplier Summit was being organized. We used the following types of question for the survey on Microsoft Form:

- Open-ended question: respondent answers the question on his or her own,
- Multiple choice question: respondent needs to choose at least one option, and there is an "Other" option in which respondent can type in his or her own answer,
- Rating scale question: respondent ranks the subject asked in the question on the scale from 1 to 5, with specific definition for 1 and 5 determined by the survey creators; the survey used normal rating scale question as well as Likert-type scale question,
- Net promoter score: respondent needs to rate his or her likeliness towards the subject being asked (on the scale from 1 to 10).

The survey began with questions about suppliers' information and their feedback concerning the organization of the Supplier Summit. After that, the suppliers were asked about their opinions towards the implementation of SAP Ariba at Vandemoortele, focusing on the improvement that may take place in following steps of the procurement process: supplier's master data updating, tendering, ordering, invoicing, paying, and supplier collaboration. The full survey can be found in Appendix 7.

3. Findings

This chapter discusses both theoretical and practical findings that are helpful to answer problem statement. We first describe five different change management models and go into detail about the one chosen by Vandemoortele: ADKAR model. After that, we give a brief introduction concerning Cost-Benefit Analysis that was performed by Vandemoortele to evaluate the profitability of Mercurius. Megatrends with focus on digitalizing procurement procedure are explained in subchapter 3.3 and followed by comparison of different e-procurement platform providers. Finally, we provide detailed analysis on Mercurius project, including reactions from suppliers and internal employees and challenges that Mercurius is facing.

3.1. Change Management Models

In this fast-moving world, change is the only constant thing. Nowadays, we see massive changes in technology, which is directly affecting all industries. To compete with the other players in the market, all the companies need to change their way of working in order to get more effective and efficient results.

When companies shift from their normal way of working, then it is always followed by resistance and criticism from a group of people. In order to deal with changes in a more productive way, there are four models described by C.S.V. Murthy (2007) in his book on change management: Lewin's Change Model, Planning Model, Action Research Model and Integrated Model of Planned Change. These models are explained in detail in the sub sections below. After that, we will elaborate on the ADKAR Model, which is applied by VDM for Mercurius project.

3.1.1. Lewin's Change Model

A well-known psychologist, Kurt Lewin, developed a model comprising of three processes: unfreezing, changing & refreezing, to be followed when introducing changes. These processes are described in detail below.

- a) **Unfreezing** – The first step in the change process is unfreezing which means preparing the people for change by making them realize that the present system is not efficient and there is need for change. This may also reduce resistance to change process. In order to do this, the manager must establish good relationship with all the people who will be involved in this process.
- b) **Changing** – During the changing phase, actual change is implemented. In this process, management first diagnosis the problem and identify the most effective system after comparing all the alternative methods. Then, he identifies all the changes associated with the new system.
- c) **Refreezing** – This is the final stage of the change process. In this stage, the manager's task is to reward the employees for their cooperation towards accepting the new system. The

management must provide the necessary resources to employees in order to implement the changes successfully.

3.1.2. Planning Model

This model was developed by Lippitt Watson and Westley in 1958 and was modified by Kolb and Frohman in 1970. The model is based on the principle that there should be complete transparency with regards to information between the organization and the change agent (i.e. the individual who promotes and supports the change). Different steps in the Planning Model are described below:

- a) **Scouting** – The change agent and the organization jointly explore the need and areas requiring change.
- b) **Entry** – The development of mutual contact and expectations between the organization and change agent.
- c) **Diagnosis** – The stage where improvement goals are identified.
- d) **Planning** – In this stage, actual and possible reasons for resistance to change are identified for inclusion in the improvement goals.
- e) **Action** – The implementation of steps identified in the planning stage.
- f) **Stabilization and Evaluation** – A phase where evaluation is undertaken to determine the extent of the success of the planned change and need for further action.
- g) **Termination** – A phase where a decision is made to leave the system and begin another.

It is not mandatory for any organization to follow the steps in the same sequence. If the change agent and manager feel the need to modify the steps based on some unforeseen circumstances, then they are free to do that.

3.1.3. Action Research Model

This model was developed by Cummings and Huse in 1989 and it assumes that change is a cyclical process. Initially, the problem is identified based on the data collected from diagnosis and after deep analysis, an action is suggested. Once the action is completed, new data is again gathered to measure and determine the effects of the action. The feedback obtained is re-diagnosed and new action taken, if required.

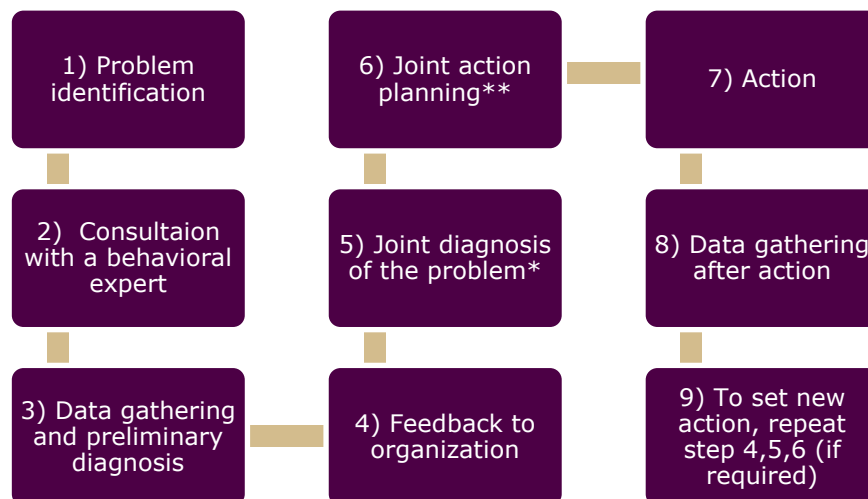


Figure 5. Flow of process in Action Research Model

* Joint diagnosis of the problem is done by the entire group.

** Joint action planning is done by consultants and management team together

3.1.4. Integrative Model of Planned Change

This model was developed by Bullock and Batten in 1985. The model is based on the following assumptions:

- An organization exists in different states at different times
- Phased movement can occur from one state to another
- An understanding of both the temporal states and change processes need to move from one state to another

The four phases involved in the implementation of change are:

- a) **Exploration Phase** – In this phase, the organization decides for a specific change and ascertain the amount of resources required for it.
- b) **Planning Phase** – The problem identified by the organization in the exploration phase is analyzed jointly with the organization members and experts. After analyzing, appropriate actions are designed and implemented with the prior approval of key decision makers.
- c) **Action Phase** – The changes proposed in the planning phase are implemented here. The change activities are monitored and evaluated periodically to assess their progress and check whether positive results are being achieved or the actions need to be modified.
- d) **Integration Phase** – This phase involves making changes a part of regular functioning of the organization. The change initiatives taken by employees rewarded through feedback and incentives. The renewal activities are taken if necessary.

Generally, all the four change management models mentioned above include similar processes: assess the need for change, identify goals and objectives, implement the change, and collect feedback for further improvement or for another change (if necessary). However, Vandemoortele does not follow any of the four models described. They chose another one, ADKAR model, which is more recent than the other four and has reputation of being implemented by big corporations.

3.1.5. ADKAR Model

This model was developed by Prosci founder, Jeff Hiatt, and was first published in 2003. Since 1998, over 4,500 people were involved in research for this model. The model is unique as it is based on the best practices selected after testing them. The project leader and team were developing the methods and verified them simultaneously by applying the methods on new projects. This gave them an overview of techniques that worked and didn't work. So, accordingly they updated their model each time with new inputs and then again applied them on new projects. Finally, based on lessons learned, they came up with ADKAR model. ADKAR is one of the main components of Prosci Change Management methodology and represents five items that every organization need to follow in order to achieve a lasting change.

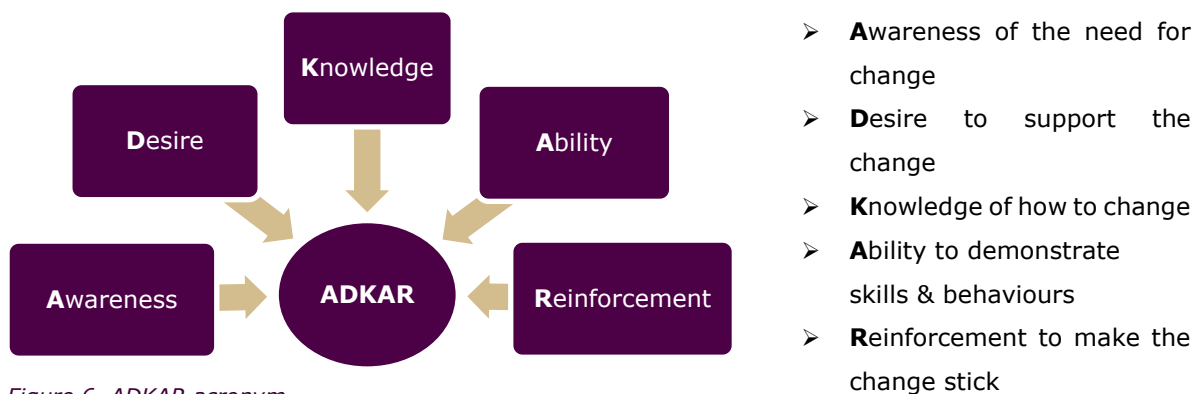


Figure 6. ADKAR acronym.

The essence of Prosci Methodology as mentioned in the overview of change management by Prosci is to “leverage change management strategies and activities to drive individual transitions and ultimately organizational success” (Prosci Inc., 2019). This means that ADKAR change management model focuses on integrating individual change management with organizational change management, as each change affects the way individuals do their work. To make the organizational change management process successful, it is important to support individuals in smooth transition to the new process.

According to the ADKAR model, change occurs as a process. It is not a one-time event, but a continuous chain of events distributed over a period of time. There are three stages of change as per this model: current, transition and future. This model defines what actions an organization should take in different stages of change.

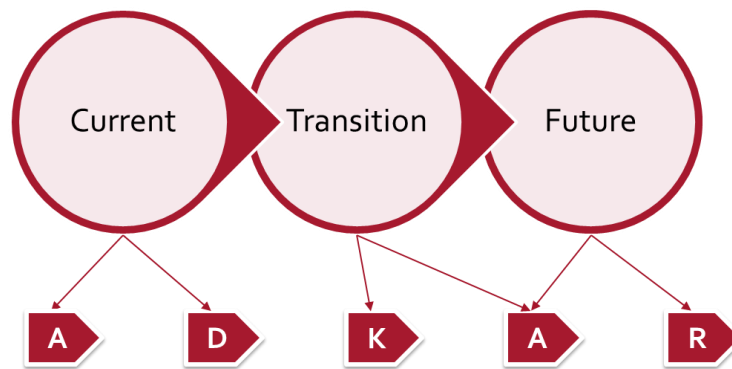


Figure 7. Different stages of change

The Prosci 3-Phase Process is another component of Prosci Change Management methodology. It includes all the elements of ADKAR in different phases and provides a strategic approach to organizational change management. The 3 processes are described in detail below.

Phase 1 – Preparing for change

The first phase mainly focuses on creating awareness amongst the employees about the change management plans, preparing the change management strategy and developing the team to implement the change. Mechanisms that are used for preparing the people are:

- **Change characteristic profile** – Provide details about the change like its size, scope and impact.
- **Organizational attributes profile** – Give an overview of the organization and groups that are impacted the most.
- **Change management team structure** – Define the amount of resources needed for change management
- **Sponsor assessment, structure and roles** – Identify the leaders in the organization who will be responsible for encouraging change amongst the employees. The sponsor should have good relationship with the project leader as well as the employees.
- **Impact assessment** – Determine the group of individuals who will be adversely affected by change and how they will create problem for the organization in the change management process.
- **Change management strategy** – Based on all the assessments, the project team can design the change management strategy considering the impact of all the factors studied above.

Phase 2 – Managing change

The second phase involves creating plans to support individuals who will be directly affected by the new project. Based on Prosci's research, there are five plans needed to effectively support individuals moving through the ADKAR Model.

- **Communication plan** – Drafting the key messages that need to be delivered to the people regarding change management.

- **Sponsor roadmap** – Communicating the actions needed from the project sponsor and defining their roles & responsibilities.
- **Training plan** – Defining number of trainings required to be given to different group of people in order to ensure that they become familiar with the new system.
- **Coaching plan** – Outlines how the organization will equip managers and leaders to lead the change with their individual teams.
- **Resistance management plan** – Design a management strategy to deal with the group of people who will be resistant to change management.

Phase 3 – Reinforcing change

The third step is collecting and analysing feedback from the change management process. The project team checks whether the employees are following the new ways of working, identify the gaps and take corrective actions, if required. They also celebrate success in case the change is adopted by most people.

Key strategies used for reinforcing change are:

- **Measuring changes in behaviour** – The change is measured by establishing certain benchmarks unique to each project.
- **Corrective action plan** – If the change is not embraced by people then the organization need to identify the gaps and take corrective action.
- **Reinforcement mechanisms** – To ensure that people do not revert to their old practices, reinforcement mechanisms are established such as continued compliance measuring, ongoing trainings, coaching, etc.
- **Individual and group recognition** – It is important to recognize the hard work put by the people in accepting changes and adopting the new ways of working. This will also encourage people to continue with the new practices.
- **Success celebrations** – It is equally important to take some time off and celebrate the success of the new project and efforts put in by the employees.
- **After action review** – After action review helps to identify the strengths and challenges faced in project management. They can be used in future to get more successful outcomes from implementing new projects.

WHY ADKAR WAS CHOSEN BY VANDEMOORTELE?

In the past, no change management model was followed by VDM for new projects. The users were provided with the required information and were expected to adopt the new system based on the communication. This method hampered the success of the project to some extent (De Vleeschouwer, 2019). So, for Mercurius, the project team decided to follow a specific change management model. To decide the model, the change management leader, Ms. Wendy, did a lot of research and even attended a free training session by their IT consultancy partner about change management. In that session, some of the recognized companies like Microsoft shared their experience with change management models and suggested to use ADKAR Model. Other companies like Accenture and Deloitte have teams in HR department that also use Prosci model for change management. After

hearing all the success stories of using ADKAR model and based on their research, VDM decided to use this model for change management. Ms. Wendy follows the free information available on Prosci's website so that she can apply those methodologies into Mercurius. Especially, she attended a 3-day training course organized by Prosci last year to understand more about it.

Some major strengths of using ADKAR model are:

- It focusses on individual change and ensure each person becomes familiar with the new tools, which ultimately helps in accomplishing the project goal.
- Provide a simple framework for everyone involved in managing change.
- Communicates clear and same goals throughout the organization.
- Assist the employees in each step of the change process.
- It provides a clear guideline of the different steps to be followed for change management by the project team.
- If there is any resistance, then it advises the leader to diagnosis the reasons of resistance through personal communication with people and provide support accordingly.

In spite of being one of the standard models of change management, there are some weaknesses of this model as described below.

- This model is only useful in case of an incremental change but not for step change. So, if an organization want the change to be adopted quickly then this model is not suitable.
- The change management leaders get so busy in the transition that they fail to address the emotional problems faced by employees.
- As this model focuses on micro level problems so sometimes the management fails to see a bigger picture and fail to recognize macro level issues in the organization.

3.2. Cost-Benefit Analysis

In order for Mercurius project to be approved by Vandemoortele's ExCo, project team prepared different business cases, representing different scenarios and each scenario's impact on organizational performance. The company followed a cost-benefit approach, comparing total expenses with total income from the investments (mainly in the form of savings). Cost-Benefit analysis (CBA) compares the costs incurred and the benefits recognized by implementing a project within an organization. Bloomsbury Business Library (2007) discussed the advantages and disadvantages of CBA as in the table below:

Table 5. Advantages and disadvantages of Cost-Benefit Analysis.

Advantages	Disadvantages
<ul style="list-style-type: none"> - Quantify the cost and benefit of the project and make it easier for comprehension. - Consider a number of aspects as well as the roles and responsibilities of different stakeholders involved. 	<ul style="list-style-type: none"> - Quite simple method (not comprehensive) - A lot of information needs to be collected in order to make the analysis valid.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> - Possibly define unexpected costs. - Define the break-even point and pay-back period for decision making process. - Persuade people who are unsure about the project. 	<ul style="list-style-type: none"> - Rely on several assumptions, of which changes or modifications can have significant impact on the outcomes. - Some aspects can be quite difficult to measure.

One of the critical tasks when performing a CBA is that the company needs to determine the measurements of costs and benefits. The unit of measurement should be the same for both costs and benefits so that the comparison can be valid, and the CBA can be utilized for decision making. The ultimate purpose of a CBA is to determine whether a project can generate additional value to the organization or not. Generally, value can come from four components:

- Use value: something that is beneficial for people because of its usability,
- Existence value: title, reputation, award, or similar things of which existence can generate some value for those who owns it,
- Option value: people can choose to pay an additional amount to receive more than the simple version of what is offered,
- Quasi-option value: the possibility that the project can be modified if there is new information incoming (Shaffer, 2010).

Apparently, CBA can be applied to further explore the option value of a project by considering the various costs and benefits of different options available. Indeed, Vandemoortele has three different options regarding the Mercurius project: full-scope implementation, limited-scope implementation, and sourcing-only implementation. For the full-scope option, Ariba Network will be introduced and applied in all countries and all sites in which Vandemoortele is present. On the other hand, only Belgium and France will apply the e-procurement platform under limited-scope. Lastly, only the sourcing process will be conducted via Ariba Network under the sourcing-only option. Apparently, the costs which will be incurred and the benefits which will be recognized under three options are not one and the same. The company should have a list of criteria for decision making to compare the three options. It really depends on the company's need and current availability of resources that the company will choose to go for one option instead of others.

Generally, we think Vandemoortele followed this approach because of its simplicity and ease for comprehension. Secondly, since there is no additional debt needed for this investment, there is no financial expense, making the overall cashflows simple and straightforward. Last but not least, some of the measurements can be visible right after the implementation of the e-procurement platform (e.g. the decrease in number of POs, the number of sourcing events created via the network, etc.) so that the project will not take a long time to reach the break-even point.

3.3. Megatrends that are Currently Shaping Procurement Activities

Nowadays, many people, companies, and organizations are talking about digitalization and industry 4.0. While the previous (the third) industry revolution was about computerization and automation, the fourth revolution focuses on the "establishment of intelligent and communicative systems including machine-to-machine communication and human-machine interaction" (Ustundag & Cevikcan, 2018). Overall, companies which follow industry 4.0 aim to create a smooth and effective data flow from within the organization to their business partners, to utilize a common cloud-based platform to enhance communication and interaction, and, hence, to increase value creation. Spiller, Reinecke, Ungerman, & Teixeira (2013) also mentioned in their book "Procurement 20/20" the 5 megatrends which would gradually change the way of working, especially starting from procurement process.

(Spiller, Reinecke, Ungerman, & Teixeira, 2013)

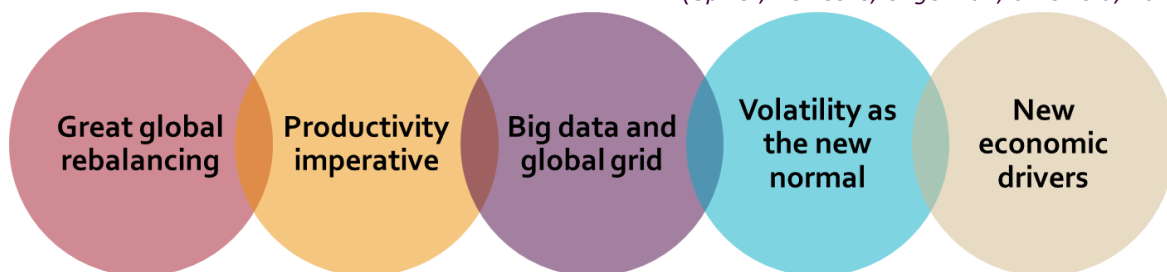


Figure 8. Five megatrends that is shaping the world.

We now further analyze the 5 megatrends listed above to see how they can make an impact as well as how procurement needs to be transformed in order to take advantages of these trends.

Great Global Rebalancing

It has been a common practice for manufacturing companies to have their production facilities in emerging markets like China, Vietnam, or India since labor costs there are relatively cheaper than those in developed countries. Now, the emerging markets are also developing and gaining their spots in international markets (e.g. China is now the second largest economy in the world), multinational corporations are not using emerging markets as only a manufacturing hub but also a strategic location to enter new markets, taking advantage of significant economic growth in that part of the world. However, doing business in different countries raise additional operational risks to the company, especially when it comes to sourcing and dealing with local suppliers and customers. As a result, it is expected that the procurement department of a company to:

- become a local player with knowledge concerning cultural, legal, and political aspects,
- be a front-runner in an expansion project,
- communicate with other departments to ensure the correct materials are used to produce the right products that will be delivered to the right customers,
- be active and flexible to adapt the supply chains whenever there are changes.

Productivity Imperative

Spiller, Reinecke, Ungerman, & Teixeira (2013) defined productivity imperative as streamlining end-to-end value chain by outsourcing non-core activities for functional experts and focusing on strengthening core activities. Indeed, there is no company that is good at everything. For example, there are some companies that specialize in data management and there are others that specialize in creating the hardware and maintaining data center. As a result, outsourcing a part of the value chain to third party can save costs (by not spending in significant investments to develop something in-house) and improve the end products or services (by enhancing the core internal functions). Procurement department is the best candidate to facilitate this practice since they understand the organization's value chain. Hence, they are able to distinguish the core and non-core activities and the most appropriate third party for outsourcing (considering both quality and price).

Big Data and Global Grid

The amount of data exchanging and transmitting globally has increased continuously year after year. In 2017, global mobile data traffic grew by 71%, reaching 11.5 exabytes per month at the end of 2017. Under industry 4.0 and the growing interest concerning digitalization and communication, it is expected that the global mobile data traffic will continue to grow at a CAGR of 46% during 2017 – 2022, increasing by 700% as compared to year-end 2017 (Cisco Systems, Inc., 2019). These numbers indicate the continuous increase in the amount of data to be processed as well as the potential benefits that can be resulted from those data. Spiller, Reinecke, Ungerman, & Teixeira (2013) also mentioned that the ease of connectivity will be improved because of the development in technology, increase in capacity, decrease in cost of bandwidth, and increase in the coverage of both mobile and cellular network. This megatrend will allow the organization to effectively collaborate with suppliers via digital platform, share and update data in a timely manner, improve the efficiency in dealing with tasks like scheduling or escalating. Availability of more information, easy and on-time communication and collaboration allow companies to improve their negotiation capabilities, create and implement proper planning and budgeting, enhance risk and compliance management. Indeed, category managers can create forecasts based on historical figures (e.g. concerning spending and usage) and evaluate performance of suppliers.

Volatility as the New Normal

The world has been always changing; an innovation now can already be obsolete in near future because of new technology, new products, or just new demand from customers. As a result, a company needs to be well-prepared for a volatile environment, including but not limited to the changes in commodity price and unexpected natural or political events (e.g. Brexit). Procurement needs to be ready and flexible for changes in factors which can impact the organization. When they know about different possibilities that can take place when doing business and think of solutions for each challenge, they can transfer sourcing risks into competitive advantages. Spiller, Reinecke, Ungerman, & Teixeira (2013) set out three steps for managing volatility: 1) define the relevant uncertainty, 2) quantify risk exposure and determine solutions strategy, and 3) develop and implement cross-functional practice.

The book also described the importance of procurement department to be the leader in the transformation since procurement department worked with both the functions within the organization (manufacturing, R&D, finance, etc.) and external business partners like suppliers. As a result, procurement has the capability to sense the upcoming volatility and come up with possible management method. Agile procurement was mentioned as the main approach for corporations to manage this megatrend, including the following aspects:

- factor uncertainties into the supply chain,
- develop suppliers network and incorporate flexibilities into contract management,
- develop processes which can be modified or updated according to changes in market conditions,
- forecast and shape customers demand (based on collected information).

However, agile procurement is not an easy process that can be adopted by all corporations. The approach requires qualified personnel together with well-developed infrastructure to support the flexibility.

New Economic Drivers

In addition to traditional economic drivers like profit or market share, corporations are now looking at a number of other drivers such as sustainable development. Indeed, ESG has become more and more important in this day and age and it is present in many stages along the supply chain: corporations want to improve their public awareness via sustainable sourcing, environment protection program, CO2 emission savings, etc. These new economic drivers result in both risks and opportunities for companies. On one hand, the companies need to spend more money to ensure the sustainability, to apply for specific certificates, and to put some constraints for their suppliers and manufacturing procedure. On the other hand, there are new opportunities concerning new markets and products with better quality and image, improvement in industry structure, and employees encouragement (Spiller, Reinecke, Ungerman, & Teixeira, 2013).

3.4. Overview of Different E-Procurement Platform Providers

There are several e-procurement platform providers in the market with a collection of solutions, ranging from one part of the procurement process to the whole source-to-pay procedure. In addition to SAP Ariba and Coupa, which were the two shortlisted companies for Mercurius project, we also collected information about Zycus and GEP, which also provide similar services as those offered by SAP Ariba and Coupa. In this sub-section, we first introduce the three competitors with SAP Ariba and then make a comparison amongst them.

Coupa

Founded in 2009 and headquartered in California, U.S., Coupa is a global technology platform for Business Spend Management (BSM). The company went public in 2016 on NASDAQ. Although initially started with spend analysis, Coupa has expanded their business and gradually included other related services such as strategic sourcing and contract management. Coupa also claims to provide easy integration with other ERP systems like SAP and NetSuite. In addition to its integration product

(cloud-based Procure-to-Pay Solution), Coupa also provides separate products to help customers in specific aspects of their spend management: spend analysis, strategic sourcing, contract management, supplier management, etc (Coupa Software Inc.).

Zycus

Founded in 1998 and headquartered in New Jersey, U.S., Zycus is a global provider of "Source-to-Pay suite of procurement performance solutions". Their products portfolio consists of e-procurement, e-invoicing, spend analysis, e-sourcing, supplier management, etc. (Zycus Inc.) Zycus provides services and solutions for a variety of industry like F&B, Retail, Financial Services, Manufacturing, etc.

GEP

Founded in 1999 and headquartered in New Jersey, U.S., GEP offers both strategic and advisory services with focus on procurement and supply chain transformation. GEP has built a cooperative platform for both direct and indirect procurement. GEP's products are classified under three main categories: *Strategy*, *Software*, and *Manager Services*. *Strategy* products include consultancy in different topics such as procurement, M&A, and cost management. *Software* products provide clients with platform and solutions for spend analysis, contract and supplier management, as well as sourcing and savings tracking. *Manager Services* products specify in delivering customized services to clients, from strategic sourcing, procurement outsourcing, to payment visibility. (GEP)

We used information from Gartner PeerInsights on Procure-to-Pay Suites and Strategic Sourcing Application Suites (Gartner, Inc., 2019) to have an overview of how market has reacted to the product provided by those four organizations.

Table 6. Comparison of different e-procurement platform providers.

	SAP Ariba	Coupa	Zycus	GEP
Product: Procure-to-Pay Suites				
Number of reviews	144	236	4	33
Product Capabilities	4.1/5.0	4.4/5.0	4.5/5.0	4.3/5.0
Recommend	56% Yes	71% Yes	75% Yes	73% Yes
Product: Strategic Sourcing Application Suites				
Number of reviews	132	55	36	34
Product Capabilities	4.0/5.0	4.2/5.0	4.1/5.0	4.1/5.0
Recommend	47% Yes	85% Yes	57% Yes	66% Yes

Vandemoortele also checked those results from Gartner and took them into consideration when they needed to make a decision on which provider was the most suitable to the organization (De Maen, 2019). As it can be seen from Gartner results, SAP Ariba and Coupa were the two most common with the largest number of reviews available. Although Zycus and GEP had been presented in the market longer than Coupa, their products had been more specialized in each stage separately than the whole process from sourcing to payment. Another reason for the low number of reviews of Zycus and GEP in Gartner is that the companies do not operate and market its brand name globally. On the opposite, Ariba can leverage the already-well-known SAP brand name and Coupa is a publicly

listed company with more information available. When it came to the decision whether to choose SAP Ariba or Coupa, a lot of testing were conducted to see how the implementation of each platform would affect Vandemoortele. It took more than one year for VDM to finalize all the testing and decide to go with SAP Ariba in the beginning of 2018. Both companies provided full integration services with approach towards both direct and indirect procurement. SAP Ariba was easier to integrate with current SAP ERP system at Vandemoortele while Coupa was more user-friendly but weaker when it came to direct procurement (De Groote, 2019). At the end of the day, Vandemoortele chose SAP Ariba because of its easy integration, coverage for both direct and indirect procurement, integration suite, and proper price (De Maen (2019) and Guezennec (2019)).

3.5. Case Studies of SAP Ariba Implementation

In this section we discuss how SAP Ariba has changed the way of working for many companies. As discussed in the introduction, 3.4 million users are connected to Ariba Network, transacting \$2.1 trillion annually across 190 countries. SAP Ariba simplifies the way of working in different processes like sourcing, contracting, supplier management, invoice management and so on. It provides cloud-based solutions which help the companies to grow their business as explained briefly in the following section.

British Columbia (BC) Hydro and Power Authority

BC Hydro is a crown corporation, owned by government and people of British Columbia, headquartered in Vancouver, Canada. Their mission is to provide their customers with affordable electricity 24*7. To supply electricity, BC Hydro relies on a wide supplier network. Lately, the company discovered many non-compliant invoices and many suppliers that were not paid on time, affecting the supplier relationships. BC Hydro partnered with SAP Ariba to provide suppliers with cloud solution to manage orders and invoices centrally and use early payments offers to meet changing cash flow needs. With SAP Ariba solutions, the company was successful in improving the supplier relationship as 93% of invoices were paid on time and also saved \$1 million annually in accounts payable costs as a result of early payment offers. Some major benefits to BC Hydro by using SAP Ariba are:

- improve supplier relationships,
- provide suppliers with more visibility of invoice and payment status,
- reduces accounts payable costs by \$1 million annually,
- compliance with internal and external business rules,
- reduces errors.

Hanif Dhrolia, E-Commerce Manager of BC Hydro was very satisfied to use SAP Ariba and stated: "Through Ariba Network, suppliers can track invoice status and payment schedules online, which reduces the volume of help desk calls. Many of them are taking advantage of early payment offers to improve their cash flows." (SAP Ariba, 2017).

Nufarm Limited

Nufarm is one of the world's leading developers and manufactures of seeds and crop protection solutions. It is headquartered in Melbourne, Australia but has manufacturing and marketing operations throughout Australia, New Zealand, Asia, America and Europe (Nufarm Limited, 2019). The company sells its products in more than 100 countries. It was very challenging for the company to serve a wide customer base with its fragmented regional approach to sourcing. As a result, Nufarm teamed up with SAP Ariba in 2018, in order to build a unified and centralized procurement system.

"Our mission is to 'grow a better tomorrow.' We kept that in mind as we sought to improve our procurement process. With greater insight into who supplies what to whom, we can take a more strategic approach to sourcing."

David Bury, Chief Procurement Officer (Nufarm, 2019)

Value driven results achieved by Nufarm with the implementation of SAP Ariba:

- 80% reduction in the number of invoices processed without a valid purchase order.
- Direct and indirect spend managed with SAP Ariba solutions to \$A 1.8 billion.
- Strategic decision making by giving procurement team full visibility into regional processes.
- Increase in efficiency as it is easier for employees to process approvals, payments, POs and invoices.
- Improved communication with suppliers.

TC Megapolis

Megapolis group of companies is a privately held logistics and distribution company, focussing on FMCG including tobacco products, beer, soft drinks etc. It has contracts with some of the big players in the world like Japan Tobacco International, Philip Morris International, Dilmah, Red Bull GmbH and so on. The company is headquartered in Moscow, Russia. It has 160,000 points of sales located across Russia and 300 offices in strategic location. (Lupin Limited, 2019). However, they do not have any centralized procurement team which affects the efficiency of every part of indirect spend cycle, from market analysis to contracting. They partnered with SAP Ariba, which improved the company's decision making and reduced cost.

"Transforming the sourcing cycle for our indirect spend was an easy sell for us. It helps us protect our leading position in the distribution of tobacco products and fast-moving consumer goods."

Yulia Sotnikova, Head of Procurement (SAP Ariba, 2017)

Value driven results achieved by TC Megapolis with the implementation of SAP Ariba:

- 14% average reduction in e-auctioning costs.
- 1,000 new suppliers identified.
- 500 new sourcing projects created.
- Increase employee productivity due to elimination of manual spreadsheet work.
- Enhanced transparency with improved spend and procurement data.

Lupin Limited

Lupin is a global pharmaceutical company offering a wide range of products such as branded & generic formulations, biotechnology products, active pharmaceutical ingredients and speciality. Lupin also holds a global leadership position in the anti-tuberculosis and cephalosporins segments. The company is headquartered in Mumbai, India but has manufacturing and research facilities spread across Japan, USA, Mexico and Brazil. (Lupin Limited, 2019). Despite being one of the largest and fastest growing pharmaceutical companies, Lupin was facing problems with its supply chain as each subsidiary had its own way of ordering goods and services, making it difficult to gain an enterprise overview of procurement activity. As a result, Lupin partnered with SAP Ariba to standardize its procurement process and enable employees to better manage their functions. SAP Ariba has benefited Lupin in many other ways which will be discussed later.

"Simplicity is the key when it comes to managing a company of our size. SAP Ariba solutions couldn't have been easier to deploy and integrate with our mission-critical SAP applications. What's more, they are straightforward to use – making life much simpler for procurement staff and managers alike."

Sandesh Bambolkar, Senior General Manager Materials, (SAP Ariba, 2017)

Value driven results achieved by Lupin Limited with the implementation of SAP Ariba:

- Unified overview of procurement activity that enables more informed decision making.
- 80% of contracts now comply with audit requirements.
- \$600,000 savings in just 6 months.
- \$75 - \$100 million worth of indirect material for research and development converted into catalogue.
- More focus on strategic and value-added tasks.

Challenges in implementation of SAP Ariba

We already discuss how different companies benefited by partnering with SAP Ariba in previous paragraphs. Indeed, SAP Ariba provides users more visibility on different procurement functions, resulting in improving their performance. While SAP Ariba adds value to companies in different ways, many companies face some challenges in using the platform as described below:

- SAP Ariba provides the procurement team access to a lot of data but most of the data is unstructured. As a result, companies need to develop skills within team or employ such people who can analyse that data and use it for better decision making.
- Companies tend to lose control over its IT as it is handled by SAP Ariba, so it gets difficult to convince people regarding the safety and security of the data.
- Companies may lose some of their suppliers who are not ready to digitalize their operations.
- There is also a lack of personal touch with suppliers, which may influence in building a strong relationship with suppliers

- The companies which are not using SAP ERP system face difficulty in integrating with SAP Ariba software.
- Incorporating a change always comes with resistance from employees which is one of the biggest challenges to deal with.

3.6. Initiating the Digitalization Transformation at Vandemoortele

As a European food manufacturer, Vandemoortele has more than 12,000 suppliers that provide different goods and services to the company. According to Ms. Karolien, the Purchasing Manager Indirect Goods at VDM, suppliers and contracts management for direct goods are more standardized than the ones for indirect goods, which is understandable since the demand for direct goods is more stable and easier to plan. The idea of digitalization came to Karolien's mind when she overviewed of the market and of competitors, acknowledged current trends, and recognized the bottlenecks presenting at VDM (De Maen, 2019). Figure 9 shows the whole source-to-pay process which Vandemoortele aims to digitalize, from upstream, which consists of category management, sourcing, and contacting, to downstream, which involves the buying and payment process at Vandemoortele. Moreover, the company also wants to enhance its supplier relationship by focusing on preferred suppliers. This objective can be achieved when they gather related information about suppliers, their previous performance and their current business partnership with VDM.

(Vandemoortele NV, 2019)



Figure 9. Overview of Source-to-Pay process.

Mercurius project team at VDM believes that this digital transformation will generate many benefits for the company:

- For *sourcing*: VDM can standardize the process of finding, communicating, and evaluating suppliers, provide more transparent sourcing events (RFI, RFP, and e-auction).
- For *contracting*: instead of a non-standardized process currently in place for indirect goods, VDM will be able to build a common library of contracts, for both direct and indirect goods, and achieve better contract management.
- For *requesting, PO creating, invoicing, goods receipt*: since all communication will go through the cloud-based platform, the process is more transparent and can avoid error creation. Moreover, master data of the suppliers is available in the platform for VDM to refer and assess as soon as possible. The suppliers can also identify the current status of their shipped orders and any outstanding issues concerning the orders and payment.

Furthermore, in order to get this project approved by the ExCo, the decision-makers at VDM, project team developed different scenarios to quantify the benefits achieved. We collected the following information about benefits and assumptions for Mercurius project:

Table 7. Examples of how digital transformation will benefit VDM.

Process	Benefits	Current annual expense (€ thousand)	Expected savings (%)
<i>Sourcing & e-auction</i>	Cost savings and improvement in efficiency	100,000	3.0%
<i>Catalogues</i>	Cost savings and improvement in efficiency	30,000	5.0%
<i>Contracting</i>	Improvement in efficiency	100,000	3.0%
<i>Invoicing</i>	Improvement in invoice matching, decrease in number of FTEs required	1,225	17.1%

(Vandemoortele NV, 2018)

Table 7 only presents the assumptions for processes of which benefits can be quantified. Other benefits consist of the automation in document and improvement in approval workflows. These benefits are difficult to quantify and are not included in the calculations which were used by Vandemoortele for their CBA. As mentioned previously, VDM considered three different scenarios for the implementation of Mercurius project. The expected savings mentioned in Table 7 are under the full-scope scenario and are adjusted in accordance with different scopes of different scenarios. Detailed calculations of different scenarios can be found in Appendix 2.

- Scenario 1: Full-scope implementation in all sites of Vandemoortele.
- Scenario 2a: Reduced-scope implementation, only in Belgium and France and without some modules like contract management and supplier management.
- Scenario 2b: Similar to scenario 2a but the implementation is divided into 2 phases to limit immediate expenses.
- Scenario 2c: Reduced-scope implementation but will make another investment in 1 year to expand SAP Ariba's coverage to eventually reach full-scope implementation.
- Scenario 3: Implement only the e-sourcing solution of SAP Ariba.

After analysing those scenarios, Vandemoortele decided to go with scenario 2c with first implementation of SAP Ariba in Belgium and France and expansion to other countries in 2020. The advantages of this scenario are that the company can finally have an integrated platform that incorporates all processes, from sourcing to payment, in all countries. Especially, Vandemoortele can review the effectiveness of the roll-out in Belgium and France and continuously improve the SAP Ariba integration to achieve desired outcomes.

One important component of the CBA are assumptions used to measure benefits of implementing SAP Ariba. Vandemoortele expects to realize income from the investments in this e-procurement platform in the form of savings and improvement in efficiency. As it can be seen in Table 7, under full-scope implementation, Vandemoortele can ultimately save as much as €7.0 million annually (after 4 years); in addition, the project will need less than 1 year to break even. Nevertheless,

Vandemoortele is being conservative and only expects to achieve around 70% of that figure. While it will take a little bit more than 1 year to break even, initial investment will be significantly lower.

In order to achieve those savings, a number of KPIs will be given to local management team to evaluate the effectiveness of the platform and communication and training approach:

- number of first-time right invoice (invoice matches PO without any correction needed),
- number of sourcing events and e-auction that Vandemoortele will organize annually,
- number of suppliers that will be on-board and implement the system,
- number of preferred suppliers,
- number of contracts that will be centralized,
- etc. (De Maen, 2019)

For Mercurius project to be successfully launched in different locations as well as reached as many suppliers as required, effective communication strategy and suitable training schedule are essential to make people aware of the project and its impacts on the organization.

3.6.1. Communication and Training Plan

In this report, we have been discussing about Mercurius project, its importance to VDM and strategies to be followed for its success. We have also noted in chapter 3.1 that a company needs to have a robust communication and training plan in order to implement new changes in the organization.

As VDM follows ADKAR model of change management, they also need to create awareness amongst the people, of the need for change and knowledge of how to change, in the initial phase of the project. Before making the communication and training strategies, the first and foremost step is to define the different stakeholders. Stakeholders basically include all the people who are directly or indirectly influenced by the project. They constitute a wide range of people from different levels of hierarchy, grouped mainly based on their interest and power. (Copper Team, 2017).

We, together with the core team, defined the different stakeholders and plotted them in the excel file template provided by VDM, including their responsibilities, interest, power, contribution to the project, how they can limit the implementation, and each stakeholder's impact strategy. Eventually, we identified 13 stakeholders, the list of which can be found in Appendix 3. After defining the list of stakeholders, we analysed their level of interest and power in detail and presented it on a 2*2 matrix as shown in the Figure 10. Furthermore, Figure 10 only presents the most important stakeholders groups. Supporting teams consist of legal department and planner (e.g. who make budget and forecast within the manufacturing department). All other employees in Vandemoortele that are not directly affected by Mercurius are classified under "Others".

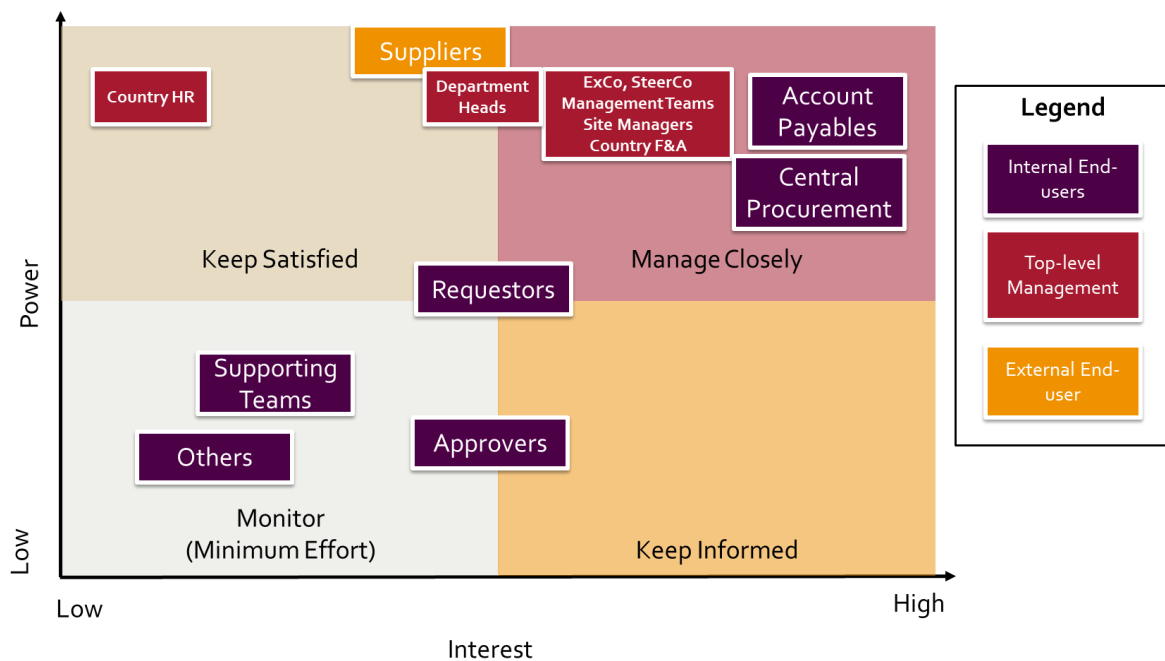


Figure 10. Stakeholder matrix for Mercurius project.

Communication Plan

The next step after defining the stakeholders is to prepare a communication plan with a special focus on frequency and method of communication. A clear and timely communication by the project team is important to reduce employee resistance to some extent. But the level of communication is different for different stakeholders. If a stakeholder is of high interest and power, then there is a need of more frequent communication compared to the one with low interest and power. The full communication plan is presented in Appendix 4. A detailed schedule has been planned between June and January 2020. From February 2020 onwards, only project's milestones are mentioned. Indeed, focusing on the upcoming periods are more important to ensure that Vandemoortele can communicate about Mercurius effectively.

As shown in our matrix, account payables and central procurement are the group of people who have highest level of interest and power in the project, so they need to be communicated regularly (bi-weekly) to keep them up to date about the changes and progress of the project. Then, directors/exco/steerco/management teams/plant managers/departments heads are people with high power but comparatively less interest as they are not directly affected in their way of working. The project team should update them mainly about the progress of project, every month in their existing team meetings.

Requestors are the group of people with medium power and interest, but their way of working will be completely changed with Mercurius. So, there is a need of frequent communication to requestors by the project team to ensure smooth transition to new way of working. It is important for VDM to onboard suppliers on the Ariba Network as they have high power to influence the results of the

project. This entire project is about collaborating with suppliers in a more efficient way and if they will not be part of the project, then Mercurius will not be successful. So, it is important to communicate with suppliers in a timely manner as per the onboarding waves. One important communication channel for suppliers is the supplier website, which is under construction at the moment and will be published soon. On the supplier website, suppliers can find information about SAP Ariba and all procurement processes, including different sourcing events, contracting, supplier collaboration, and information about sustainability and qualification. More information is available in Appendix 5.

The channels used by project team to communicate differs as per the stakeholders and frequency of communication, but it is done mainly through O365 group, newsletter, webinars, emails, team meetings and training sessions. Most importantly, the project team is responsible for communicating about the project, but they do rely on the team leaders to cascade the information they receive to other team members.

Training Plan

"The oldest and strongest emotion of mankind is fear, and the oldest and strongest kind of fear is the fear of unknown."

H.P. Lovecraft

The above quote explains why training is necessary. As we all know that people fear changes, so to make them complacent about the change, it is important to train them well. Training increases the rate of change management success as it ensures that necessary skills are embedded in employees and they are prepared to work on the new system. Training is also a way to create awareness amongst the employees about the technicalities of the project.

As it is advisable to prepare the training plan at least 3 months prior to the Go live date so we assisted the core team in preparing an effectual plan. Firstly, we defined different training topics based on the changes that will take place due to Mercurius and there are approximately 8 topics, detailed description of which can be found in Appendix 6. Not all the stakeholders need to attend training session for every topic, so we allotted different stakeholders to different topics based on their profile. The plan is to provide training to employees of all the sites located in 12 countries and preferably in their local language so the message can be delivered clearly to end-users.

Before providing training to end-users, it is important to appoint at least one trainer who will be responsible for the training. The project team has asked the Country F&A along with Country HR to appoint trainers for the training topics. There are TTT sessions organized by Accenture, to prepare the trainers for upcoming end-user training. The project team also need to define the champions who will assist in the project by providing full time support to employees in adapting the new system. The training sessions should be conducted at least 1 month prior to the Go Live date so that there is enough time for end-users to understand the system.

The trainers should be communicated well in advance about the selection and their roles & responsibilities. They should also be provided with the training guidelines highlighting the basic topics to be incorporated in his training material such as the need for change, what are the benefits for the end-users, rewards & recognition for active participation, etc. The type of training will depend on the topic and the number of people attending the training session, but common types of training include e-learning, webinars and classroom sessions. Generally, both the TTTs and training sessions for different stakeholders are briefly incorporated in the communication plan (Appendix 4).

3.6.2. Suppliers' Reactions Towards the Implementation of SAP Ariba

In order to create awareness amongst suppliers about Vandemoortele's plan of digitalizing their procurement process, they organized a Supplier Summit on May 29, 2019. Post summit, we prepared a survey via Microsoft Forms to get suppliers' feedback on the conduct of Summit and their opinion on whether Vandemoortele's partnership with SAP Ariba will add any value to their business. Details about respondents are accessible to Vandemoortele via Microsoft Forms.

The survey consisted of 9 questions and was sent to 9 suppliers, out of which 7 responded. Furthermore, there are two suppliers who rejected to register for an Enterprise Account (i.e. they will not participate in the first Go Live for the first wave of suppliers in September). Before discussing the results in detail, we would like to define some terms that relate to NPS:

- **Net Promoter Score** – NPS is a metric used to measure customer experience on a scale of 0-10. It gives an idea of the level of customer satisfaction. Higher NPS means a greater number of promoters. To calculate the NPS, subtract the percentage of detractors from the percentage of promoters.
- **Promoters** – Promoters are people who respond with a score of 9 or 10 and are typically loyal and enthusiastic customers.
- **Passives** – These are people who respond with a score of 7 or 8. They are satisfied with the service but not very excited about it.
- **Detractors** – Detractors are people who respond with a score between 0 to 6. These are a group of unhappy customers and are likely to move to competitors.

Now, we will briefly discuss the responses for all the questions.

- **Satisfaction with the Supplier Summit** – There was one supplier (Respondent #5) who was a promotor and remaining 6 of them were passives and 0 detractors, resulting in an NPS of 14. This means that overall suppliers were satisfied with the way the summit was organized.
- **Familiarity of the organization with any e-procurement platform** (3.43/5.00) – More than 50% of the suppliers are familiar with e-procurement platforms. The least familiar supplier being Respondent #4 while the most familiar ones being Respondent #2, #3, #6 and #7.

- **Define the familiar processes** – In this question, different options were given to suppliers to understand what are the processes that they are most accustomed to. The results are summarised in the table below.

Table 8. Summary of survey Q4 results

Processes	No. of suppliers that chose this process	% of total
Tendering	4	22%
Ordering	5	28%
Invoicing	5	28%
Supplier Collaboration	3	17%
Others (Catalogues)	1	6%

Based on the results, we can conclude that majority of suppliers (i.e. 5 out of 7) is familiar with ordering and invoicing process in an e-procurement platform. This can be useful for Vandemoortele, as they also believe that SAP Ariba will have positive impact on the invoicing process. Only 1 supplier (Respondent #2) added in the others category and stated that he/she is familiar with catalogues process.

- **Preparedness towards digital transformation** – Out of 7 suppliers, on an average 3.71 on a scale of 5 believes that their organization is ready for a digital transformation. One supplier (Respondent #2) is very well prepared for digitalization as they gave a score of 5.
- **Value added by SAP Ariba in different processes** – In this question, the suppliers were asked to rate the different processes in which they believe that SAP Ariba will add value. We have summarized the rating (1-5) of all the suppliers for different processes in the table below, to give a clear understanding.

Table 9: Summary of survey Q6 results

Process/Rating	1 (Not likely)	2	3	4	5 (Very likely)
Registration	14.3%		28.6%	42.9%	14.3%
Master Data	28.6%	-	28.6%	42.9%	-
Supplier Qualification	14.3%	-	42.9%	28.6%	14.3%
Order Receiving	14.3%	-	14.3%	42.9%	28.6%
Order Confirmation	14.3%	-	14.3%	42.9%	28.6%
Reception of Delivery	14.3%	-	28.6%	28.6%	28.6%
Invoice Management	14.3%	14.3%	14.3%	28.6%	28.6%
Payment	28.6%	-	14.3%	28.6%	28.6%

**As there are responses from 7 suppliers, so response from 1 supplier is equivalent to 14.3% of total responses for one process.*

Respondent #7, who is quite familiar with the e-procurement platform (rating of 4.0/5.0), believes that SAP Ariba is not likely to add value in any of the above-mentioned processes. He/she also suggested in the feedback form that their organization would “prefer an EDI-integration over an Ariba-like portal”. Respondent #2, who is highly positive about SAP Ariba, believes that it will add value to all the processes except in case of master data where

a score of 1 is given. Apart from Respondent #7, Respondent #3 also thinks that SAP Ariba is not likely to be beneficial in the payment process. Other than the mentioned remarks, all the suppliers agree that this digitalization would add value to their way of working.

- **Chances of generating new business opportunities** – There are only two suppliers (Respondent #2 and #5) who strongly believe that SAP Ariba will generate new business opportunities. Overall, there are 3 passive responses and 4 detractors, resulting in a NPS of -57. This indicates that the majority of suppliers do not see any new growth opportunities for them as a result of using SAP Ariba. This may also be a demotivating factor for suppliers to join Ariba Network and to cooperate with Vandemoortele in their journey of digitalizing.
- **Recommending SAP Ariba to business partners** – Out of the 7 responses, 6 are detractors and 1 passive, resulting in NPS of -86. Most of these suppliers are already familiar with an e-procurement platform and if they are still so negative about recommending it further, then this is a point of concern. Vandemoortele should dig deeper into the reasons for such response and take the necessary corrective actions.

Generally, the results of this survey suggest that suppliers are satisfied with the conduct of the Summit. Based on their prior experience with an e-procurement platform, they believe that SAP Ariba will add value in different processes. But at the same time, Vandemoortele needs to communicate and convince these suppliers regarding new business opportunities that they may get by using the Ariba network. Moreover, based on the feedbacks from this survey, Vandemoortele can get an overview of the first reaction from big suppliers who were asked to join Ariba Network with an Enterprise Account. Apparently, the feedbacks are highly negative, indicating that VDM really needs to spend much more effort to persuade other suppliers to participate in the network, especially if VDM expects that an Enterprise Account is suitable for the suppliers.

3.6.3. Internal Employees' Reactions

This subchapter focuses on discussing VDM's employees' reactions towards Mercurius project, especially on their opinions regarding SAP Ariba application, effectiveness of the on-going communication plan, and expectations of the upcoming challenges and results. Among the 6 people interviewed, two of them are directly related to procurement department (of which one is a management team), one specialist in finance and accounting aspect, one specialist in change management approach, and two other management team members.

To begin, all the 6 interviewees believe that Mercurius project would definitely have significant impact on the way of working for not only procurement team but to the whole organization. Employee will experience different way of purchase goods or services, approve a purchase order, or make payment according to invoice. Ms. Nina states that Vandemoortele does not have a proper system in place for procurement, which makes the company's procurement not as mature as that of other big corporations. Together with Ms. Karolien and Mr. Glenn, they describe the main

inefficiencies of the current procurement practice at the company, especially for indirect procurement:

- there is no catalogue covered,
- information is not centralized and standardized, especially when it relates to contract and compliance management,
- huge amount of non-PO invoice (25% of the company's invoices was non-PO and 60% of indirect procurement's invoices was non-PO),

As a result, implementing SAP Ariba will help to improve current practice for procurement by streamlining process, limiting the number of non-PO invoice, eliminating non-value-added administrative tasks (e.g. PO/invoice correction, contacting suppliers for updating information and qualification confirmation, etc.), and improving expense visibility and allocation of cost to correct cost centres.

Second, all interviewees agree that Mercurius will require a proper change management approach to ensure that the employees would be aware of the change and to handle resistance whenever it is available. As mentioned previously, Ms. Wendy decided to apply the ADKAR model for this organizational change. However, because this is the first time that ADKAR is used by Wendy as well as by Vandemoortele, there is insufficient information at this stage to determine whether or not the model is appropriate and effective. Nevertheless, Ms. Wendy has been quite interested in getting and applying the model since it is informative and follows a common standard. Previously, she was involved in the introduction of new IT tools and has some useful experience from those launches. According to her, a critical obstacle in introducing a new system or a new approach is language. Since Vandemoortele operates in more than 10 countries, many documents have to be translated into local language. It is necessary to make sure that the translated materials can deliver the original message which Mercurius project wants to communicate. On the other hand, messages which are communicated in local language are easier to comprehend.

Third, since interviewees are either Mercurius project team members or SteerCo members, most of them feel that they have been receiving sufficient information about the project in a timely manner. There is "drumbeat" meeting every week Monday for updating the status of Mercurius, of which the main participants are Vandemoortele, SAP Ariba, and Accenture. There is also an internal meeting each Friday and SteerCo meeting quarterly. Moreover, Ms. Nina also mentions that she has to join escalated meeting to solve outstanding issues, whenever necessary. On the contrary, Mr. Herman does not have the same opinion. He states that SteerCo meetings are not scheduled well in advance so sometimes he cannot join because of conflict with other appointments in his schedule. Although he is a SteerCo member, but because of his tight schedule he is not able to join the meetings on Monday and Friday and asks for summary from his subordinate, who is also a member of Mercurius project team. During our discussion, he emphasized that the communication is not well done, and he prefers having SteerCo meetings every month.

In the upcoming months, Mercurius project will make one big step in which end-users will be asked to adapt to the change, starting with IT department and the plant in Eeklo. Mr. Benoit mentions that the change that will take place in IT department will not be as critical as that for Eeklo because IT department is more centralized with not much variations in processes. Moreover, only about 10% of invoices for IT department is non-PO, indicating that there will no huge improvement in this aspect. On the other hand, Eeklo is a manufacturing plant that has some inefficiencies mentioned previously, especially for indirect procurement, and is the place where the effectiveness of current change management approach as well as of both training plan and communication plan will be tested. Therefore, we asked the interviewees about their expectation concerning the resistance ratio and their solutions. As the change management lead, Wendy's approach is very important. She thinks that in order to avoid resistance as much as possible, the cascading of information from the supervisor towards his or her subordinate needs to be conducted properly so that resistance or hesitancy can be identified as soon as possible. After that, the team leader will communicate personally with the people who oppose to the change and provide an effective solution. Ms. Nina also mentions that good communication and training approach is important for avoiding resistance since people will be aware of the project and how it will benefit their work and the organization. Although the communication to SteerCo and ExCo has been effective since the beginning, communication to end-user has not been regular. Indeed, Ms. Nina mentions that some site managers did not know about Mercurius and SAP Ariba and they were surprised when suppliers contacted them and asked for more information. This example shows that there are still a lot of things that need to be done for a smooth and successful application of SAP Ariba within Vandemoortele.

3.6.4. Challenges of Mercurius

After receiving answers for the survey and conducting interviews with internal personnel, we believe a number of challenges may hinder the successful launch of SAP Ariba at Vandemoortele: the instability of Ariba's upstream modules, three-party partnership, holiday period, personnel turnover, and suppliers' resistance.

To begin, although the company chose SAP Ariba because of its better integration with current SAP system and its solutions cover the whole source-to-pay process, there are some unexpected challenges arising throughout the course of implementing Mercurius. First, there are some sites at Vandemoortele that do not use SAP ERP system and they are out of the scope of Mercurius project. Since there is no plan to implement SAP in those sites, there are possibilities that these sites will have difficulties in following the standard practice of the Group in the future. Second, because Ariba was not developed by SAP initially, there are possibilities that the system from Ariba is not well-integrated into SAP system, which may lead to technical problems of integration. For example, when there is a new update in the Ariba's cloud integration system (CI9), it affects Mercurius timeline since Vandemoortele has to know the new update, apply the new interface and redo some of the tasks. Moreover, according to Mr. Benoit, Ariba's upstream modules are very unstable: the interface

is not standardized, because of the new update, sourcing and contract management modules need to be redone by respectively 60% and 30% (Dewaele, 2019). Thirdly, Vandemoortele also faces opportunity cost when choosing the integrated suite of SAP Ariba instead of purchasing separate modules from different providers. This approach is similar to the megatrend #3 which was mentioned previously: rely on the functional experts. It is quite impossible for a service provider to be the expert in all aspects. In this case of choosing the e-procurement platform provider, a company should clearly define what is really missing at the company and what are the available options. The fact that Vandemoortele did not know about the instability of SAP Ariba's upstream modules indicate mistakes while doing due diligence prior to service provider selection. Furthermore, as we mentioned earlier, the world nowadays is very volatile, especially in technology-related aspect, with an unstable system, it is very costly and time-consuming for users to adapt the system to new update or new changes, and even creates inefficiencies.

The whole communication and training plan become even more complicated when there is another party involved: Accenture, the integration advisor. Accenture supports Vandemoortele in implementing SAP Ariba, especially in providing TTTs and related materials for VDM's trainers so that the trainers can have acceptable knowledge about SAP Ariba, know how different module works, and provide training to other end-users at VDM. Since training is an essential factor for the success of Mercurius, Accenture's role in this project is also very critical. As a result, when one party does not follow the timeline as planned, it will cause delay for the whole process. Actually, that is what happened during our project. In the beginning, it is expected that we will also support in preparing the documents that will be used for end-users training and Accenture will first provide some TTT documents. However, because of some delay and changes in the execution team at Accenture, the TTT documents are not yet available as of June 2019. Besides, communication among three parties is more challenging compared to two parties. Indeed, since each organization has its own interest and expectation, it is more difficult to negotiate and align all three different perspectives to arrive at a common point.

In addition to two previous points, July and August are normally the time when many people will take their annual leave and go for holidays. As a result, it is quite troublesome to organize any training session between the second week of July and the second week of August. Another challenge for the project is the turnover of critical team member. Changes in core team members pose significant obstacle for all organization since the new member will need more time to understand the project and contribute effectively and the remaining team members will also need to work harder. Finally, it is very likely that many suppliers will oppose the implementation of SAP Ariba and participate in the Ariba Network. Less than 10% of VDM's current suppliers are registered in the network (Van Steenstraeten, 2019). Although the application of SAP Ariba may result in lower number of suppliers because of streamlining processes and better supplier management, VDM still needs to spend much effort to convince all its suppliers to join the network, and it is even more difficult to convince the big ones to pay for the Enterprise Account. While Ms. Nina is quite positive that it will be easy to convince suppliers to register for the Standard Account, Mr. Herman thinks

that much effort is needed since the Standard Account is very limited in scope and suppliers may not want to change from their traditional way of working to another one which requires much more effort in the beginning and results in not much effectiveness.

4. Recommendations

This chapter discusses our recommendations for Vandemoortele based on the findings in chapter 3, especially on the limitations discussed previously. The chapter will be concluded with a summary of the limitations of this report.

4.1. Recommendations

After identifying the current challenges and limitations of Mercurius, we believe that it is really important for Vandemoortele to have an effective communication and training plan to clearly deliver necessary messages about Mercurius to different end-users. The company also needs to provide them sufficient information so that they can really start working with SAP Ariba and see its positive impact. Our recommendations for efficient communication and training are listed below:

- **Ensure the frequency of communication** to different stakeholders as planned. The person who is in charge of communicating with specific stakeholder or of cascading information to his or her subordinates needs to be informed about any modification as soon as possible. On the other hand, the cascading of information needs to be supervised. Mercurius project team has to ensure that the information reaches its target audience clearly and that the audience knows whom to contact in case of questions or requests.
- **Address the feedback from project team members** (both internal and external) in a timely manner to avoid conflict arising within the project. Specifically, Mercurius project team should undertake Herman's comments regarding how ineffective Mercurius' communication is towards him.
- **Communicate frequently with SAP Ariba and Accenture** to push them forward with the project. Moreover, the communication needs to be effective and lead to some solution to outstanding challenges. In spite of having meeting to update on Mercurius' status every week, many milestones are not met. Notably, the instability of Ariba's upstream modules is quite a shock to Vandemoortele. Pushing SAP Ariba to enhance those modules is critical for the upcoming Go Live dates.
- **Select the right people** to be the trainers and/or owners of specific communication practice (i.e. people who are in charge of communicating). Furthermore, these people are also in charge of translating documents into local language so that end-users are aware of the message and training materials. Materials have to be in simple language that incorporate the use of media (e.g. video, animation, etc.) to make them easy to understand and avoid confusion. Besides, rewards and recognitions are also useful tools to encourage employees to actively participate in the change. For example, people who participate in UAT should be acknowledged and thanked for their contribution, trainers should receive some recognitions or certifications after delivering a successful training session, etc.
- **Avoid dependency on only one or two team members.** As mentioned previously, the impact of changing core team member is quite significant. Hence, they should have at least

two people in charge of a single task so that they can support each other and, in case of one taking a day off or leaving, the other one can take the project forward.

4.2. Limitations

Overall, we believe that the project is well-undertaken and that we put a lot of effort into making it valuable to both the company and our own learning. However, we notice the following limitations, both subjective and objective, that hinder part of our performance:

- **Not participate in the whole project:** since we just got involved in specific parts of Mercurius and were not aware about others, it was sometimes difficult to keep track of all the schedule, timeline, and different flows of information.
- **Not familiar with change management model:** we do not have any background concerning change management. At the same time, people in the project team are also not an expert on change management and most of the details mentioned in their documents are theoretical. As a result, it was challenging for us since we did not know if our approach in the beginning was correct or not.
- **Limited time available:** because the project only lasts for nearly 2 months, it is difficult for us to understand the organizational culture well enough to prepare documents in accordance with VDM's way of communicating.

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Appendix

Appendix 1: Overview of Vandemoortele

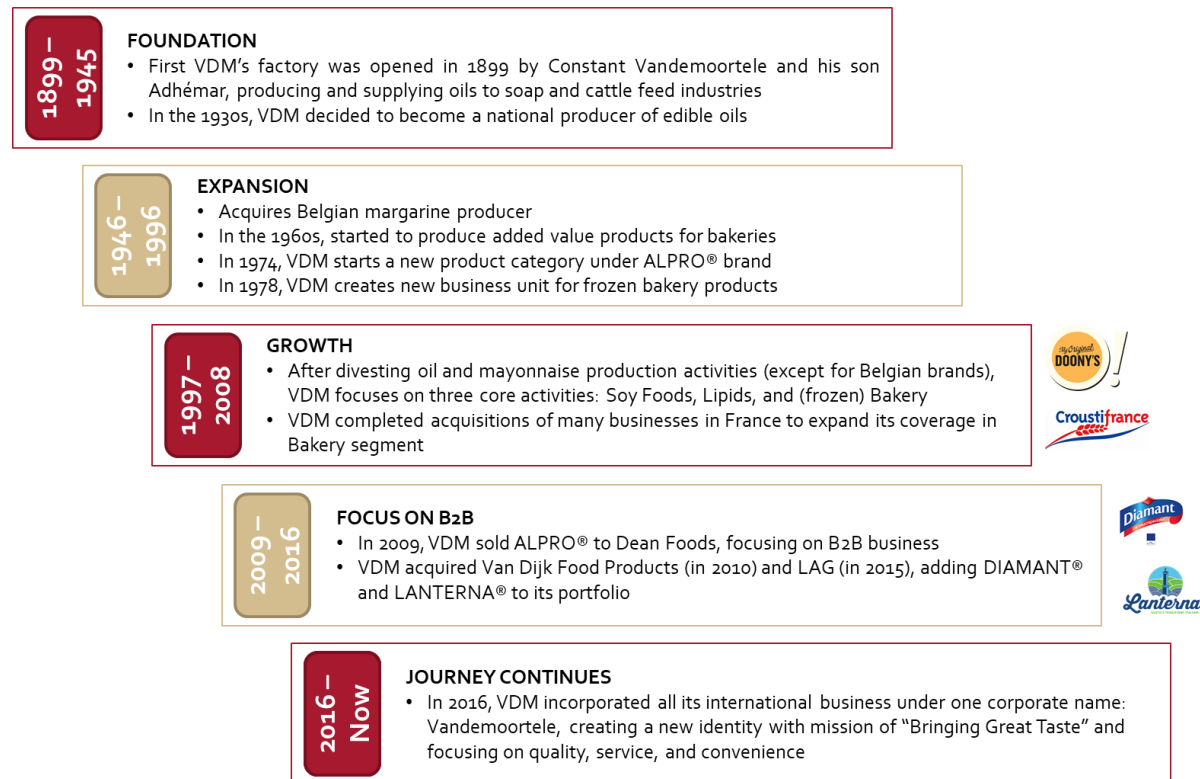


Figure 11. Vandemoortele's development milestones.



Figure 12. Vandemoortele's products portfolio.

Appendix 2: Scenarios' Benefits Calculations

Table 10. Summary of different scenarios

Items	Benefits	Scenario 1	Scenario 2	Scenario 3
Sourcing	Saving, efficiency			
Catalogues	Saving, efficiency, roll-out			
Contracting	Efficiency improvement			
Document automation (R2O - indirect)	Automation, approval workflow, efficiency improvement, use of contracts, spend data visibility			
Request to receipt (direct)	SRM & forecasting			
Invoice matching	Budget, efficiency improvement: first time right invoicing			
Countries roll-out		All	Be/Fr	

The expected benefits recognized under scenario 1 (full scope implementation) are presented in the table below. Some items are not quantifiable but future benefits are expected.

		Scenario 1: Full scope		
(in thousand €)		Y1	Y2	Y3
Total benefits		1,820	3,640	4,960
E-sourcing & auction	Direct	500	1,000	1,000
Catalogues	Indirect	450	900	1,350
Frame contracts & local buying (tail spend)	Indirect	800	1,600	2,400
Invoice matching (target 70% FTR)	Indirect			
Order efficiency	Indirect			
Request to Invoice - document automation	FIN	70	140	210
Extension:				
<i>Catalogs</i>	<i>Indirect</i>			
<i>Frame contracts & local buying (tail spend)</i>	<i>Indirect</i>			
<i>Request to Invoice - document automation</i>	<i>FIN</i>			
T&C, code of conduct, vendor master data, risk reduction				
Total costs		1,100	1,210	450
Project costs - external		600	400	-
Project costs - internal		150	360	-
Recurring cost		350	450	450
Extension cost		-	-	-

The expected benefits recognized under scenario 2 (reduced scope – in accordance with [Table 5](#)) are presented in the table below. Apparently, the benefits are not as high as those under scenario 1 and the costs needed are also not as high.

		Scenario 2: Reduced roll-out		
(in thousand €)		Y1	Y2	Y3
Total benefits		1,249	2,498	3,247

(in thousand €)		Scenario 2: Reduced roll-out		
		Y1	Y2	Y3
E-sourcing & auction	Direct	500	1,000	1,000
Catalogues	Indirect	300	600	900
Frame contracts & local buying (tail spend)	Indirect	400	800	1,200
Invoice matching (target 70% FTR)	Indirect			
Order efficiency	Indirect			
Request to Invoice - document automation	FIN	49	98	147
Extension:				
<i>Catalogs</i>	<i>Indirect</i>			
<i>Frame contracts & local buying (tail spend)</i>	<i>Indirect</i>			
<i>Request to Invoice - document automation</i>	<i>FIN</i>			
T&C, code of conduct, vendor master data, risk reduction				
Total costs		700	250	250
Project costs - external		500	-	-
Project costs - internal		-	-	-
Recurring cost		200	250	250
Extension cost		-	-	-

In addition to the original scenario 2, VDM came up with two other variants. In the first one, they lengthened the implementation timeline by 1 year. In the first year, only sourcing will be transformed. Other processes will be transformed in the following years. In general, full implementation for reduced scope will be recognized in Year 4.

(in thousand €)		Scenario 2: 2 phases			
		Y1	Y2	Y3	Y4
Total benefits		500	1,749	2,498	3,247
E-sourcing & auction	Direct	500	1,000	1,000	1,000
Catalogues	Indirect		300	600	900
Frame contracts & local buying (tail spend)	Indirect		400	800	1,200
Invoice matching (target 70% FTR)	Indirect				
Order efficiency	Indirect				
Request to Invoice - document automation	FIN		49	98	147
Extension:					
<i>Catalogs</i>	<i>Indirect</i>				
<i>Frame contracts & local buying (tail spend)</i>	<i>Indirect</i>				
<i>Request to Invoice - document automation</i>	<i>FIN</i>				
T&C, code of conduct, vendor master data, risk reduction					
Total costs		350	500	250	-
Project costs - external		250	250	-	-
Project costs - internal					
Recurring cost		100	250	250	-
Extension cost			-	-	-

In the second variant of scenario 2, VDM would undertake an extension investment in Year 2 and achieve full-scope results at the end of Year 4. In general, the Company will not invest fully initially but will gradually incorporate the transformation into the organization, reducing the cash outflows in Year 1, learning from previous implementation in pilot countries and with pilot suppliers before rolling out in other European sites. Under this scenario, project costs would be a little bit higher than those under scenario 1 (€1.527 million as compared with €1.510 million).

(in thousand €)		Scenario 2: reduced scope + extensions			
		Y1	Y2	Y3	Y4
Total benefits		500	1,749	3,682	4,960
E-sourcing & auction	Direct	500	1,000	1,000	1,000
Catalogues	Indirect		300	600	600
Frame contracts & local buying (tail spend)	Indirect		400	800	800
Invoice matching (target 70% FTR)	Indirect				
Order efficiency	Indirect				
Request to Invoice - document automation	FIN		49	140	140
Extension:					
<i>Catalogs</i>	<i>Indirect</i>			300	750
<i>Frame contracts & local buying (tail spend)</i>	<i>Indirect</i>			800	1,600
<i>Request to Invoice - document automation</i>	<i>FIN</i>			42	70
T&C, code of conduct, vendor master data, risk reduction					
Total costs		532	1,160	750	450
Project costs - external		267	250	-	-
Project costs - internal		150	360		
Recurring cost		115	350	450	450
Extension cost			200	300	-

The expected benefits recognized under scenario 3 (sourcing only) are presented in the table below. Apparently, this scenario would incur lowest expenses but also generate lowest benefits. This scenario would also result in the highest benefit/cost ratio; however, only the sourcing process would be changed and that were not the ultimate objectives of Vandemoortele.

		Scenario 3: Sourcing-only		
		Y1	Y2	Y3
Total benefits		500	1,000	1,000
E-sourcing & auction	Direct	500	1,000	1,000
Catalogues	Indirect			
Frame contracts & local buying (tail spend)	Indirect			
Invoice matching (target 70% FTR)	Indirect			
Order efficiency	Indirect			
Request to Invoice - document automation	FIN			
Extension:				
<i>Catalogs</i>	<i>Indirect</i>			
<i>Frame contracts & local buying (tail spend)</i>	<i>Indirect</i>			

		Scenario 3: Sourcing-only		
		Y1	Y2	Y3
<i>Request to Invoice - document automation</i>				
<i>T&C, code of conduct, vendor master data, risk reduction</i>				
Total costs		100	50	50
Project costs - external		50	-	-
Project costs - internal				
Recurring cost		50	50	50
Extension cost				

Appendix 3: Stakeholders Mapping

Stakeholder	Power	Interest	What is important to the stakeholder? What is his expectation?	How can he contribute?	How can he block?	Influencing strategy?
<i>Champions / Key users requestors</i>	medium	medium	<ul style="list-style-type: none"> - new way of working - less administration, easier PO creation - possibility to buy better - easier supplier creation - less issues with invoices 	<ul style="list-style-type: none"> - accept the change process - support on supplier selection - use the system - promote use of Ariba - support supplier onboarding - create good PO's to enable automatic PO/invoice matching 	<ul style="list-style-type: none"> - not using the system - not participating in UAT/roll-out - not stimulating suppliers to work via Ariba 	Rewards, common vision, impact management
<i>Champions / Key users AP</i>	high	high	<ul style="list-style-type: none"> - improving of first time right (invoice/PO matching) - less delay in payments - reduced calls from supplier - clear visibility of who the requestor is 	<ul style="list-style-type: none"> - forcing "no PO no pay" policy - accept a huge workload in rejection of invoices without PO at the start of the roll-out - stimulate requestors to make correct POs 	<ul style="list-style-type: none"> - not support the "no PO no pay" policy towards suppliers - continue to correct invoices / POs himself - not referring to info available in Ariba for suppliers 	Rewards, common vision, impact management
<i>Central procurement</i>	high	high	<ul style="list-style-type: none"> - change way of working - used by all - user friendly - supporting daily work and roll out of projects 	<ul style="list-style-type: none"> - apply the change process within the department - communicate and follow up with other stakeholders frequently about the change - promote the use of Ariba 	<ul style="list-style-type: none"> - not familiarize themselves with Ariba and cannot answer related questions - not communicate with suppliers about Ariba and continue to exchange information the old way 	Common vision, impact management, rewards, empowerment
<i>Requestors</i>	medium	medium	<ul style="list-style-type: none"> - new way of working - less administration, easier PO creation - possibility to buy better - easier supplier creation - less issues with invoices 	<ul style="list-style-type: none"> - accept the change process - support on supplier selection - use the system - promote use of Ariba - support supplier onboarding - create good PO's to enable automatic PO/invoice matching 	<ul style="list-style-type: none"> - not using the system - not participating in UAT/roll-out - not stimulating suppliers to work via Ariba 	Common vision, Impact management, interpersonal awareness, rewards, provide proper training
<i>Approvers</i>	low	medium	<ul style="list-style-type: none"> - clear visibility of what is requested - visibility on budget allocation - easy approval of purchase requests 	<ul style="list-style-type: none"> - fast approving - promote the use of Ariba - stop approving in SAP - follow-up and use KPI's for his team 	<ul style="list-style-type: none"> - delay in approving - accepting the non-use of Ariba in his team - not allowing time for change management 	Common vision, rewards, provide proper trainings

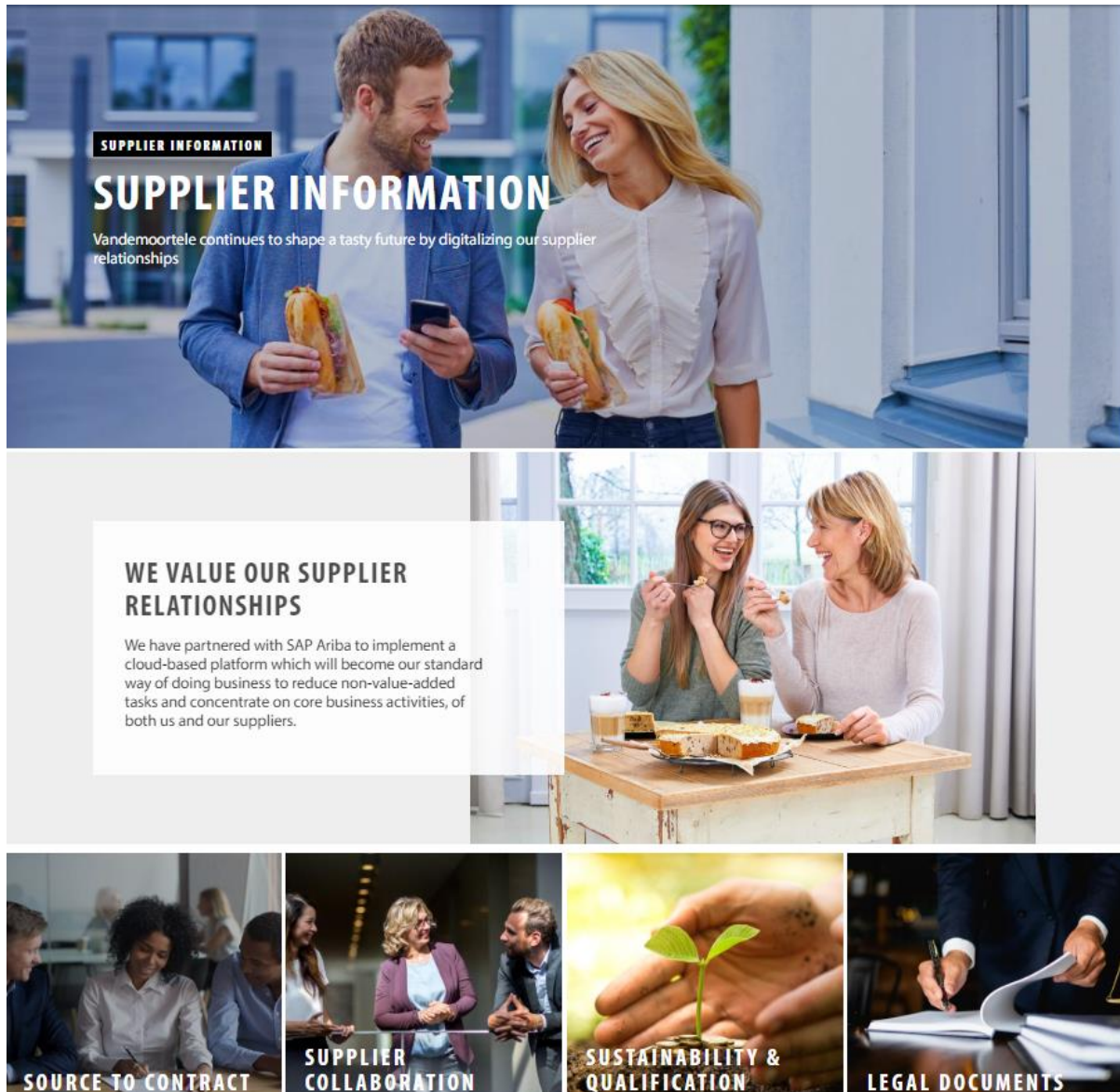
Stakeholder	Power	Interest	What is important to the stakeholder? What is his expectation?	How can he contribute?	How can he block?	Influencing strategy?
<i>Accounts Payable</i>	high	high	<ul style="list-style-type: none"> - improving of first time right (invoice/PO matching) - less delay in payments - reduced calls from supplier - clear visibility of who the requestor is 	<ul style="list-style-type: none"> - forcing "no PO no pay" policy - accept a huge workload in rejection of invoices without PO at the start of the roll-out - stimulate requestors to make correct POs 	<ul style="list-style-type: none"> - not support the "no PO no pay" policy towards suppliers - continue to correct invoices / POs himself - not referring to info available in Ariba for suppliers 	Common vision, impact management, interpersonal awareness, rewards, provide proper training,
<i>Directors/ Exco</i>	high	high	<ul style="list-style-type: none"> - efficiency improvement - cost reduction - budget control - service improvement - business continuity 	<ul style="list-style-type: none"> - promote and communicate - stimulate team to support the set-up and the content creation - set objectives on the roll-out and use of Ariba & award good adoption - KPI tracking 	<ul style="list-style-type: none"> - set different priorities for their teams - not spending time on this communication - not using it themselves 	Empowerment, common vision, organizational awareness
<i>Steerco</i>	high	high	<ul style="list-style-type: none"> - ensure the project is advancing as per the plan - no deviations on time, budget & results 	<ul style="list-style-type: none"> - important decisions - escalations - provide necessary resources for success of the project 	<ul style="list-style-type: none"> - change priority 	Empowerment, common vision, organizational awareness
<i>Management teams (Bakery, MCOF, MT FR, MT Italy)</i>	high	high	<ul style="list-style-type: none"> - efficiency improvement - cost reduction - budget control - service improvement - business continuity 	<ul style="list-style-type: none"> - promote and communicate - stimulate team to support the set-up and the content creation - set objectives on the roll-out and use of Ariba & award good adoption - KPI tracking 	<ul style="list-style-type: none"> - set different priorities for their teams - not spending time on this communication - not using it themselves 	Empowerment, common vision, organizational awareness
<i>Site managers, Country F&A</i>	high	high	<ul style="list-style-type: none"> - efficiency improvement - cost reduction - budget control - service improvement - business continuity 	<ul style="list-style-type: none"> - promote and communicate - stimulate team to support the set-up and the content creation - set objectives on the roll-out and use of Ariba & award good adoption - KPI tracking 	<ul style="list-style-type: none"> - set different priorities for their teams - not spending time on this communication - not using it themselves 	Empowerment, common vision, organizational awareness
<i>Department heads</i>	high	medium	<ul style="list-style-type: none"> - efficiency improvement - cost reduction - budget control - service improvement - business continuity 	<ul style="list-style-type: none"> - promote and communicate - stimulate team to support the set-up and the content creation - set objectives on the roll-out and use of Ariba & award good adoption - KPI tracking 	<ul style="list-style-type: none"> - set different priorities for their teams - not spending time on this communication - not using it themselves 	Empowerment, common vision, organizational awareness

Stakeholder	Power	Interest	What is important to the stakeholder? What is his expectation?	How can he contribute?	How can he block?	Influencing strategy?
Country HR	high	low	<ul style="list-style-type: none"> - be aware of SAP Ariba to avoid any confusion and answer questions from local end-users 	<ul style="list-style-type: none"> - cascade information to his/her subordinates - support the change management process 	<ul style="list-style-type: none"> - not cascade information - not support the process 	Empowerment, common vision, organizational awareness
Suppliers	high	medium	<ul style="list-style-type: none"> - one single portal with master data & certificates - fast payments - simplification of invoice processing 	<ul style="list-style-type: none"> - take part in the on-boarding - use adopted invoicing solutions 	<ul style="list-style-type: none"> - not using Ariba for communication with VDM - delay or stop delivery - not using the requested invoicing channel - invoicing VDM for the supplier fee for full enablement 	Relationship building, impact management, new business opportunities

Appendix 4: Communication Plan – Calendar View

	Jun-19				Jul-19				Aug-19				Sep-19				Oct-19			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Project milestones				UAT Downstream I				freeze				UAT End to End upstream & downstream				Go Live UP - Vendor creation (Global) Pilot downstream IT & Eaklo for indirect				3. Go Life Pilot suppliers Direct
VDM community				group up! Ghent									announce	publish supplier website	repeat					
SteerCo				SteerCo Meeting									SteerCo Meeting					SteerCo Meeting		
Directors/ExCo				group up! Ghent	Mgt Meeting								Mgt Meeting					Mgt Meeting		
Management Teams				group up! Ghent	Mgt Meeting								Mgt Meeting					Mgt Meeting		
Country HR and F&A			Email Update	Webinar	Email Update	Trainers nomination							Email Update						Email Update	
Department Heads				group up! Ghent	Mgt Meeting								Mgt Meeting					Mgt Meeting		
Site Managers/ Local management		Bakery	MCOF	group up! Ghent											Webinars					
Local Ambassadors			Email Update																	
Champions (AP)				Flow down comm plant mgr/Country F&A								O365 Group						O365 Group		
Champions (Requestors)												O365 Group						O365 Group		
Requestors (site-based)						Newsletter (SharePoint)						Webinars		Newsletter (SharePoint)				Newsletter (SharePoint)	Webinars	
																		Pilot Test Trainings for Planners		go life support
													Test TTT	Pilot Test Trainings Requestors	go life support			Train-the-trainers		
Approvers (site-based)						Newsletter (SharePoint)								Newsletter (SharePoint)				Newsletter (SharePoint)		
													Test TTT	Pilot End-user Trainings Approvers	go life support			Train-the-trainers		
AP					Cross-country Webinars	Newsletter (Email)								Newsletter (Email)				Newsletter (Email)		
													Test TTT	Pilot End-user Trainings AP	go life support			Train-the-trainers		
Central Procurement			Team Meetings									Team Meetings								
Suppliers	onboarding webcast 1					onboarding webcast 2								onboarding webcast 3						onboarding webcast 4

[illegible]

Appendix 5: Suppliers Website (Unpublished Version)

HOME » SOURCE-TO-CONTRACT

SUPPLIER INFORMATION

SOURCE-TO-CONTRACT

We use SAP Ariba for sourcing and contracting process as it is more transparent, efficient and standardized way of working.

E-SOURCING

Implementing SAP Ariba helps us to provide transparent information about different sourcing events to our suppliers. You can participate in these events, follow the evaluation process, and communicate with us easily via Ariba Network.

[More information →](#)



CONTRACTING

We use SAP Ariba to streamline contract collaboration and compliance. SAP Ariba acts as central repository for all your contracts which helps you in time and cost saving.

[Legal information →](#)

[Qualification →](#)



SOURCING**1. Request for information (RFI)**

Request for information usually precedes request for proposal, we use RFI to collect non-competitive data to evaluate participants for follow-up events (RFP and potentially e-auction).

Guide to participate in RFI →

**2. Request for proposal (RFP)**

Request for proposal asks for detailed information from suppliers, including price and quantity, to assess the potential suppliers and plan for next steps in the selection process.

More information on our RFP process →

Extra link →

**3. E-auction**

E-auction is a competitive negotiation event concerning prices for products or services. Based on the information collected from RFI & RFP, we invite only the qualified suppliers to join the auction.

More information →

**ARIBA SUPPLIER SUPPORT**

Supplier support & training →

Ariba sourcing login →

**QUESTIONS?**

You can get in touch with Vandemoortele.

GET IN CONTACT WITH VANDEMOORTELE

HOME » SUPPLIER COLLABORATION

SUPPLIER INFORMATION

SUPPLIER COLLABORATION

SAP Ariba helps us to collaborate with our suppliers through a common platform. We strive to enhance team productivity, payment visibility and supplier relationship with this transformation.

[GET STARTED](#)

""LOREM IPSUM DOLOR SIT AMET, CONSECTETUR ADIPISCING ELIT, SED DO EIUSSMOD TEMPOR INCIDIDUNT UT LABORE.""

- Name of person, company XYZ

VIDEO TESTIMONIAL

GETTING STARTED

1. Standard Account

Fast and easy way to receive and confirm orders, and send invoices. Standard account is completely free of cost.

[Overview of Standard Account →](#)

2. Enterprise Account

In addition to the benefits of standard account, an enterprise account provides suppliers the possibility of full ERP integration, catalog management and priority customer support.

[Subscription & fees →](#)


PROCESS

Ordering - SAP Ariba streamlines order management processes such as sending purchase orders, confirming orders and sending shipping notices.

Receiving - Suppliers can track the status of the ordered goods and communicate with buyers about the condition of the received goods.

Invoicing - SAP Ariba provides smart invoice management through Purchase Order Flip & Integration (only for enterprise account).

Payment - No Purchase Order, no Pay Policy - We impose this policy to ensure that all expenditure is properly authorized and recorded. Payment via Ariba also reduces liquidity risk for suppliers.



ARIBA SUPPLIER SUPPORT

[Supplier support & training →](#)


[Ariba sourcing login →](#)

Catalog Buying - SAP Ariba provides a comprehensive dashboard that manages all catalog activities and facilitates supplier collaboration.

Performance Management - SAP Ariba supplier performance management strengthens our relationship with suppliers by being more transparent.

[Catalog buying →](#)

[Performance management →](#)



QUESTIONS?

Get in contact with us.

[CONTACT VANDEMOORTELE](#)

Appendix 6: Training Topics and Target Audience

<i>Training topics</i>	<i>Target audience</i>	<i>Centralized/ Local</i>		<i>Training type</i>	<i>Trainer</i>
<i>Training the trainer</i>	Trainers	Centralized		End-user: Classroom	VDM
<i>Supplier Registration</i>	Requestor, Procurement approver, Accounting approver, Quality approver	Centralized		Train the trainer: Classroom	Accenture
<i>Supplier Registration</i>	Requestor, Procurement approver, Accounting approver, Quality approver	Local (by country)		End-user: Webinar	VDM
<i>Contracting</i>	Procurement, Legal, approver	Centralized		Train the trainer: Classroom	Accenture
<i>Contracting</i>	Procurement, Legal, approver	Local (by country)		End-user: Classroom	VDM
<i>Supplier Performance</i>	Procurement	Centralized		Train the trainer: Classroom	Accenture
<i>Supplier Performance</i>	Procurement	Local (by country)		End-user: Classroom	VDM
<i>Sourcing</i>	Procurement	Centralized		Train the trainer: Classroom	Accenture
<i>Sourcing</i>	Procurement	Local (by country)		End-user: Classroom	VDM
<i>Buying</i>	Requestor, Approver, Accounting	Centralized		Train the trainer: Classroom	Accenture
<i>Buying</i>	Requestor, Approver, Accounting	Local (by country)		End-user: Classroom	VDM
<i>Catalogue</i>	Catalogue creator, Approver	Centralized		Train the trainer: Classroom	Accenture
<i>Catalogue</i>	Catalogue creator, Approver	Local (by country)		End-user: Classroom	VDM
<i>Supplier Collaboration</i>	Planner, Accounting	Centralized		Train the trainer: Classroom	Accenture
<i>Supplier Collaboration</i>	Accounting, Planner	Local (by country)		End-user: Webinar	VDM

Appendix 7: Survey Sent to Suppliers



Supplier Summit Feedback

Dear Supplier,

Thank you for taking the time to join our Supplier Summit and provide your feedbacks.
Please take note of our Vandemoortele suppliers privacy statement before filling out this form:
<https://vandemoortele.com/en/privacy-statement-suppliers-vandemoortele>
If you have any questions, do not hesitate to email to supplier.information@vandemoortele.com.

Thank you for your collaboration.
Kind regards,
Vandemoortele Group Procurement

* Required

1. Please provide information about you and your organization (name of the organization, contact person, and title) *

Enter your answer

2. Overall, how satisfied were you with our Supplier Summit? *

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

Extremely dissatisfied

Extremely satisfied

3. How familiar is your organization with any e-procurement platform? *

Not familiar 1 2 3 4 5 Very familiar
☐ ☐ ☐ ☐ ☐

4. Indicate the process(es) that your organization is familiar with in an e-procurement platform.

- ☐ Tendering
- ☐ Ordering
- ☐ Invoicing
- ☐ Supplier collaboration
- ☐ Other

5. How prepared is your organization for a digital transformation? *

Not prepared 1 2 3 4 5 Very well-prepared

☐ ☐ ☐ ☐ ☐

6. How do you think SAP Ariba will add value to our business relationship in the following processes? *

	1 (not likely)	2	3	4	5 (very likely)
Registration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Master data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supplier qualification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Order receiving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Order confirmation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reception of delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Invoice management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. How likely do you think it is that SAP Ariba will generate new business opportunities for you? *

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

Extremely unlikely

Extremely likely

8. How likely are you to recommend SAP Ariba to your business partners? *

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

Extremely unlikely

Extremely likely

9. Do you have any suggestions for us to improve future summits?

Enter your answer

Submit